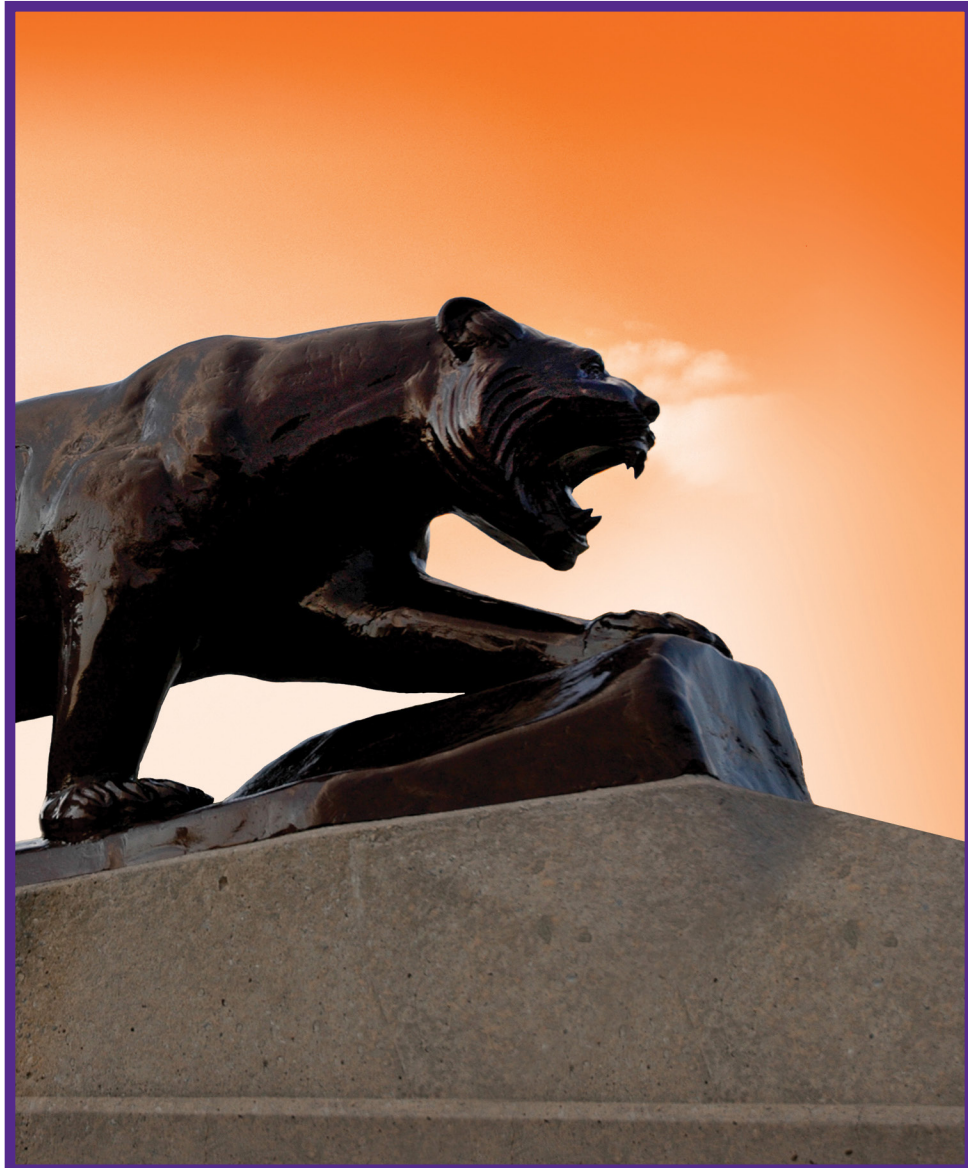


CLEMSON[®]

U N I V E R S I T Y

CLEMSON, SOUTH CAROLINA



Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

A component unit of the State of South Carolina



Comprehensive Annual Financial Report

A component unit of the State of South Carolina

For the Year Ended June 30, 2015

Prepared by the Controller's Office



TABLE OF CONTENTS

TITLE	PAGE
<i>Introductory Section:</i>	
President's Letter	6
Letter of Transmittal.....	8
Certificate of Achievement.....	12
Clemson University Board of Trustees	13
Clemson University Organization Chart.....	14
<i>Financial Section:</i>	
Independent Auditor's Report.....	17
Management's Discussion and Analysis	20
Basic Financial Statements:	
Clemson University - Statement of Net Position	28
Clemson University - Statement of Revenues, Expenses and Changes in Net Position	29
Clemson University - Statement of Cash Flows.....	30
Clemson University Foundation - Statement of Financial Position	31
Clemson University Foundation - Statement of Activities	32
Clemson University Land Stewardship Foundation - Statement of Financial Position	33
Clemson University Land Stewardship Foundation - Statement of Activities	34
IPTAY - Statement of Financial Position.....	35
IPTAY - Statement of Activities	36
Notes to Financial Statements:	
Note 1 - Summary of Significant Accounting Policies	37
Note 2 - Cash and Cash Equivalents, Deposits and Investments.....	42
Note 3 - Receivables	43
Note 4 - Capital Assets.....	45
Note 5 - Unearned Revenues, Deposits and Funds Held for Others.....	45
Note 6 - Bonds Payable.....	47
Note 7 - Lease Obligations.....	50
Note 8 - Pension Plans	51
Note 9 - Post-Employment Benefits Other than Pensions	57
Note 10 - Deferred Compensation Plans.....	58
Note 11 - Long-Term Liabilities	58
Note 12 - Construction Costs and Commitments.....	59
Note 13 - Related Parties	60
Note 14 - Transactions with State Entities	60
Note 15 - Risk Management	61
Note 16 - Contingencies and Litigation	62
Note 17 - Operating Expenses by Function	63
Note 18 - Donor-Restricted Endowments	63
Note 19 - Details of Restricted Assets	64
Note 20 - Component Units	64
Note 21 - New Accounting Pronouncement	65
Required Supplementary Information:	
Schedule of University's Proportionate Share of the Net Pension Liability	67
Schedule of University Contributions.....	68

TABLE OF CONTENTS

(continued)

<i>TITLE</i>	<i>PAGE</i>
<i>Statistical Section:</i>	
Schedule of Revenues by Source	72
Schedule of Expenses by Use	74
Schedule of Expenses by Function	75
Schedule of Net Position and Changes in Net Position	76
Schedule of Ratios of Outstanding Debt.....	77
Schedule of Bond Coverage.....	78
Admissions, Enrollment and Degree Statistics	80
Undergraduate Average Annual Tuition and Fees.....	82
Faculty and Staff Statistics.....	84
Schedule of Capital Asset Information	85
Demographic Statistics.....	86
Ten Largest Employers.....	87
<i>Supplementary Information to the Financial Statements:</i>	
Schedule of Pledged Net Revenues - Auxiliary Revenue Bonds (Series 2005, 2012 and 2015)	90
Schedule of Pledged Net Revenues - Athletic Facilities Revenue Bonds (Series 2005, 2012, 2014A, 2014B, 2014C, and 2015)	91
Clemson University Reporting Entity - Combined Statement of Net/Financial Position.....	92
Clemson University Reporting Entity - Combined Statement of Revenues, Expenses, Activities and Changes in Net Position	94



Introductory Section
(unaudited)



Dear Friends of Clemson:

The 2015 academic and fiscal year was a groundbreaking year for Clemson — and I mean that quite literally. For the first time, Clemson broke into the Top 20 ranking of national public universities, an achievement that was the result of the hard work of many people and a relentless focus on academic quality. We set new records in enrollment, quality of the student body, and private fundraising. And we broke ground on several new construction projects as we embarked on the largest capital expansion in Clemson's history.

More than 1 million square feet of space is currently under construction or renovation, including:

- An addition to Freeman Hall, home of the Industrial Engineering Department; WestZone Phase 3 improvements at Memorial Stadium; and an addition to Doug Kingsmore Baseball Stadium, all of which are set to open in the fall.
- The \$30 million Watt Family Innovation Center, which will be completed in early 2016. This four-story 70,000-square-foot innovation incubator made possible in part by a gift from the Watt family of Kennesaw, Ga., will connect students, industry partners and state-of-the-art information technology to take ideas from concept to marketplace.
- The \$96 million Core Campus project, behind the Edgar A. Brown University Union, which includes student housing, dining facilities and the new home for Clemson's Honors College.
- A complete renovation to Littlejohn Coliseum, set to open for the 2016-17 basketball season.
- A \$212 million residential village and central hub at Douthit Hills to house upperclassmen as well as freshmen in the Bridge to Clemson program beginning in the fall of 2018.
- The \$21 million Zucker Family Graduate Education Center, which is under construction at the Clemson University Restoration Institute in North Charleston, will provide educational opportunities to students that incorporate business collaboration and hands-on learning.
- At the Clemson University International Center for Automotive Research in Greenville, the new facility at One Research Drive will provide classroom and laboratory space as well as space to support the collaboration of higher education and industry.

And that's just the beginning. Future projects include the renovation of the Sheep Barn into a new student activity center, made possible by a generous gift from the Barnes family of Rock Hill, S.C.; a new building to house our business school programs; electrical infrastructure upgrades; and continuing investments in key academic, student services and athletic priorities.

Our strategic plan — 2020Forward — is another way we are building for the future. The plan, which has received preliminary approval from the Board of Trustees, includes the following priorities:

- Continuing to focus on quality in all we do
- Providing high-impact engagement opportunities to students as a cornerstone of undergraduate education.
- Growing research and doctoral enrollment, with emphasis on programs and research focus areas where we can achieve national prominence, and an organizational structure that supports excellence.
- Making Clemson an exceptional place to work.
- Increasing our commitment to diversity and inclusiveness.

The plan also retains many of the strategic priorities of the 2020 Road Map – including a sustained Top 20 national ranking, an aggressive capital improvement plan, and commitment to outreach and economic progress for South Carolina.

When I think about what we have accomplished this past year at Clemson, I am reminded of the concept of “Cathedral thinking,” which means having a long-term vision and planning not just for the next 5 years, but the next 50 or 100 years. When the architects, stonemasons, and artisans of medieval times began to build a cathedral, they knew they might not live to see it completed, but they laid out their blueprints and plans for how to complete the structure, knowing their work would be appreciated by countless generations to come. That's exactly what we're doing at Clemson, so that the University will continue to contribute to the prosperity of South Carolina for generations.

Thank you for supporting Clemson University as we work together for a great future.

Sincerely,

A handwritten signature in black ink that reads "James P. Clements". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

James P. Clements, Ph.D.
President

LETTER OF TRANSMITTAL

October 2, 2015

To President Clements,
Members of the Board of Trustees, and
Citizens of South Carolina

We are pleased to present to you the Comprehensive Annual Financial Report of Clemson University for the year ended June 30, 2015. The report provides financial information about the University's operations during the year and describes its financial position at the end of the year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that was established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. For the fiscal year ended June 30, 2015, the University contracted with the independent certified public accounting firm of Elliott Davis Decosimo, LLC, to perform the University's annual audit. The auditors have issued an unmodified opinion, the most favorable outcome of the audit process. The independent auditor's report is located at the front of the financial section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the University

Clemson University was founded in 1889, a legacy of Thomas Green Clemson, who willed his Fort Hill plantation home, its surrounding farmlands and forest, and other property to the state of South Carolina to establish a technical and scientific institution for South Carolina. Clemson opened its doors to 446 students as a military college in 1893.

Today, Clemson is classified by the Carnegie Foundation as a Research/High University, a category attained by approximately 4 percent of all universities in America. Students can choose from more than 70 undergraduate and over 100 graduate degree programs in five colleges. As the state's land-grant university, Clemson reaches out to citizens, communities, and businesses all over South Carolina through county-based Cooperative Extension offices, five off-campus Research and Education Centers, and critical regulatory responsibilities for plant and animal health.

Clemson University is governed by a board of thirteen members, including six elected by the State General Assembly and seven appointed self-perpetuating life members. Clemson University operates as a unit of the State of South Carolina (the primary government) as a state assisted institution of higher education.

The State Budget and Control Board requires the University to submit an annual balanced budget for both its Educational and General and Extension and Public Service components. Each recognized college or budget center of the University is provided with a level of appropriation. This appropriation limits total annual expenditures. Budgetary controls are incorporated into both the University's accounting system and the State's financial management system to ensure that imposed expenditure constraints are observed. Periodic financial reports comparing actual results with budgeted amounts are provided at both the University and State level.

Governmental Accounting Standards Board (GASB) Codification Section 2100: *Defining the Financial Reporting Entity*, and Section 2600: *Reporting Entity and Component Unit Presentation and Disclosure*, provides criteria for whether certain organizations should be reported as component units based on the nature and significance of their relationship to the related entity. Based on this criteria, the University determined that the Clemson University Foundation, the Clemson University Research Foundation, the Clemson University Land Stewardship Foundation and IPTAY are indeed component units of the University. Consequently, the financial statements include the accounts of these four entities as discretely presented component units.

Local Economy

South Carolina's unemployment rate at the end of June, 2015 was 5.3 percent, a decline of 2.5 percent since June, 2013. Nationally, the unemployment rate was 6.1 percent, and South Carolina ranked 17th, tied with Virginia, according to Insights, published by the South Carolina Department of Employment and Workforce.

The South Carolina Economic Outlook, published by the South Carolina Department of Commerce, reported an increase in nonfarm employment of 41,600 jobs over the past year. For the month of June, seasonal employment gains in the Leisure and Hospitality sector, and non-seasonally adjusted gains in the Trade, Transportation and Utilities and Professional and Business Services sectors, were able to offset losses in the Educational and Health Services and Government sectors (due to summer break for teachers). Overall, South Carolina has seen a net gain of 121,700 jobs over the past year with increases in most sectors.

Median home sale prices in South Carolina are at a record high, up 6 percent over the past year. Residential closings were up almost 4 percent compared to a year ago, and foreclosures were down 30 percent from the previous year. Building permit activity in South Carolina was up over 13 percent. The State added 1,800 construction jobs in the last year.

South Carolina continues to rank among the fastest growing manufacturing sectors in the nation. Clemson economist Bruce Yandle expects strong growth to continue in 2014 and 2015 due to three factors: "the state is a heavy exporter as the world economy grows; manufacturing is expanding with investments in existing and new plants; and benefits from a strong services economy, linked to manufacturing, should continue."

Long-Term Financial Planning

The University's long-term financial plan focuses on investments and activities in key areas including:

- Funding strategic investments in 2020 Plan priorities
- State mandated and mandatory inflationary cost increases
- Significant increases in entrepreneurial activities
- Enhanced financial aid resources
- Priority investments at CU-ICAR and in PSA Agriculture and Agribusiness initiatives

The University plans for investments totaling just over \$7 million in the Build to Compete category. These investments support mission critical IT systems as well as the University's facility stewardship and capital plan. Additional investments of \$2.4 million in scholarships are expected to enhance student quality and performance.

The State Legislature has exhibited its support of these priorities with renewed investment to support student engagement, research, and economic development. The state has provided \$1.5 million for the Clemson Center for Human Genetics and \$750,000 for the CU-ICAR Project Deep Orange. In addition, the state has provided recurring funding of \$1.5 million for PSA Emerging Farmers, Fruit and Vegetable Production, and 4-H and Youth programs in Agriculture and Natural Resources.

The University issued Athletic Facilities Revenue Bonds totaling \$111,175,000 during 2015 to fund renovations to the suites at Memorial Stadium, construction of a pedestrian walkway and oculus feature in the Westzone of Memorial Stadium, additions to Kingsmore Stadium, and the construction and renovation of Littlejohn Coliseum. An additional \$90,285,000 of Revenue bonds were issued to fund the Core Campus project. The project includes additional student housing, dining, retail, administrative, and other auxiliary facilities.

Major Initiatives

The 2014-15 academic and fiscal year was a record setting year for Clemson University, beginning with the announcement that Clemson was ranked among the Top 20 national public universities by U.S. News & World Report. The ranking is the highest the University has ever achieved, the seventh consecutive top-25 ranking, and is the realization of a long-held goal set by President Emeritus James F. Barker and the Board of Trustees. Clemson was also ranked eighth among "up-and-coming schools" and was named one of 11 colleges and universities in the nation that make writing a priority across all disciplines. Princeton Review named Clemson as the Best Alumni Network in the nation in its book *Colleges that Pay You Back: The 200 Best Value Colleges and What it Takes to Get In*. The book also ranked Clemson 19th in Internship Opportunities and 25th in *Colleges that Pay You Back – Without Aid*.

Dr. James P. Clements, Clemson's 15th president, was installed as Chairman of the Association of Public and Land-grant Universities and was named to the executive committee of the Business Higher Education Forum, a national organization dedicated to increasing collaboration between the business community and higher education for workforce development and economic competitiveness. Clements was also appointed to the board of directors of the American Council on Education, the major coordinating body for the nation's colleges and universities.

Clements continued to build his leadership team with the hiring of Executive Vice President for Academic Affairs and Provost Bob Jones, a Clemson alumnus who most recently served as Dean of the Eberly College of Arts and Sciences at West Virginia University. Other new administrative hires

included Maggie Farrell as Dean of Libraries, Maxwell Allen as Chief of Staff, Dr. Almeda Jacks as Vice President for Student Affairs, and Dr. George Askew as Dean of the College of Agriculture, Forestry, and Life Sciences. Searches for the Dean of the Graduate School, Vice President for Research, and Chief Diversity Officer are well underway.

Under the leadership of Provost Jones, Clemson launched a strategic planning process to refocus the 2020 Road Map for the future. Named “2020Forward,” the process was co-chaired by Vice Provost for Faculty Affairs Ellen Granberg and Vice President for Finance and Operations Brett Dalton. Committees of faculty, staff and students worked on components of the plan surrounding three main priorities: continuing pre-eminence in undergraduate learning, increasing our national and international reputation in graduate students, and increasing our national and international reputation in research. Throughout the process, faculty, staff and students had multiple opportunities to provide input and ask questions. The Board of Trustees has given its preliminary endorsement of the concepts of the plan and will give a final review of the plan at its meeting in the fall.

Clemson also embarked on an examination of its current plans and programs related to diversity and inclusion. Based on conversations and meetings with many faculty, staff, and students over the course of the year, the University has framed a diversity and inclusive excellence plan that includes: developing and implementing a strategic plan to increase the diversity of the student body, faculty, staff, and administrators with measureable goals; promoting greater cultural awareness and sense of community; assessing and enhancing the effectiveness of existing diversity initiatives and support services; and documenting and communicating the history of Clemson to include the role of under-represented groups. The ultimate goal is to create and foster an environment where every person feels valued and has the ability to succeed at Clemson.

Highlights, news and major milestones of the year include:

- Year-end private giving totals for 2014-15 were \$136.6 million in gifts, pledges, gifts-in-kind and planned gifts. Through June 30, 2015, gifts to The Will to Lead Campaign totaled \$934 million. Those gifts have created 586 new scholarships and fellowships, supported 113 faculty positions, (including endowed chairs and professorships) and added \$185.5 million to the University’s permanent endowment.
- Four Clemson students were awarded the prestigious Barry M. Goldwater Scholarship for Excellence in Science, Mathematics, and Engineering, the maximum number of scholarships allowed at one school in a year. Clemson was one of only 10 schools nationwide that had four Goldwater Scholars this year.
- A team of economics students won the National Collegiate Fiscal Challenge in Washington, D.C. The Clemson team’s proposal on how to stabilize the nation’s debt to Gross Domestic Product ratio won first place against three other finalists in a competition where college students defend their plans for putting the U.S. on a sustainable fiscal path.

- A group of automotive engineering students unveiled their latest concept car, Deep Orange 5, at the General Motors Renaissance Center in Detroit, Mich., in April. The team designed and built a car specifically for generations Y and Z (young adults) who will live in mega cities in 2020. The vehicle enables social networking and mobility to go hand-in-hand, ultimately forming an emotional connection between the user and vehicle. Deep Orange 7 will be sponsored by the BMW Group and will reinvent the iconic MINI.
- The Association of Public and Land-grant Universities named Clemson an Innovation and Economic Prosperity University in recognition of the University’s commitment to being a leader in regional economic engagement. The designation recognizes universities for working with public and private sector partners in their states and regions to support economic development through a variety of activities, including innovation and entrepreneurship, technology transfer, talent and workforce development, and community development. Clemson also was selected by the National Science Foundation-funded National Center for Engineering Pathways to Innovation (Epicenter) to join the Pathways to Innovation Program, which is designed to help institutions fully incorporate innovation and entrepreneurship into undergraduate engineering education.
- Clemson broke ground on two major student housing projects — the Core Campus project and Douthitt Hills — as well as the renovation of Littlejohn Coliseum.
- Clemson played host to more than 200 engineering leaders from across the country as the University hosted the annual conference of the American Society for Engineering Education’s Engineering Deans Institute. Speakers at the conference included Anita Zucker, CEO of The InterTech Group, and James E. Rogers, chairman of the board for Duke Energy. The conference also featured a president’s panel with President Clements; Freeman Hrabowski, president of the University of Maryland, Baltimore County; and Randy Woodson, chancellor of N.C. State University.
- Clemson hosted the American Society of Civil Engineer’s National Concrete Canoe Competition on campus in June. Teams of students from 22 colleges and universities from the U.S. and Canada participated in the competition to design, build, race, and showcase canoes made from concrete. The Clemson team won first place in the Final Product category, which is based on the workmanship and aesthetic qualities of the team’s canoe and display table. Clemson finished 5th in the overall competition.
- Clemson’s Solar Decathlon team finished the design and construction of its zero-energy, solar-powered home, Indigo Pine. Clemson is one of 15 teams from colleges and universities across the country selected for the U.S. Department of Energy’s Solar Decathlon, which will be held in California this fall.

- Clemson won the U.S. Game Day Recycling Challenge, topping the field of 90 colleges by collecting more than 60,000 pounds of recyclables during the football game against the University of South Carolina in November. Clemson also ranked 7th among top 25 football schools for its sustainability efforts on the website SaveOnEnergy.com. And Clemson was the top ranked South Carolina school in Recyclemania, a national recycling competition for colleges and universities.

Statewide initiatives

In Greenville, the Clemson University International Center for Automotive Research (CU-ICAR) broke ground on a new \$14 million building that will help bring more corporate partners to the campus, create jobs, and bring more engineers into the workforce. The 82,000-square foot multi-tenant building is expected to create 220 jobs and generate \$2.6 million in private investments at the outset. Construction also began on the Center for Manufacturing Innovation, a partnership between Clemson and Greenville Tech to enhance the development and implementation of advanced manufacturing technologies. The program creates a new integrated model for the education of technicians and engineers. CU-ICAR also hosted a visit from Assistant Secretary of Energy David Danielson and a team from the Department of Energy. Danielson stopped at CU-ICAR as part of his Clean Energy Manufacturing Initiative Southeast U.S. tour to learn more about Clemson's involvement in this area and to seek input on how the DOE can assist the region in developing technologies to push what he called "our clean energy economy" forward in the nation.

At the Clemson University Restoration Institute (CURI) in North Charleston, construction began on the \$21.5 million Zucker Family Graduate Education Center. When its doors open in 2016, the center will offer master's and Ph.D. degrees in engineering. The program will eventually grow to approximately 200 students, 12 faculty, 40 researchers and staff. Upon completion, the Zucker Family Graduate Education Center will serve as the academic anchor in the CURI applied technology park. Long-time supporters of Clemson University, Anita Zucker and Jonathan Zucker helped fund the center that will bear their family's name.

People in downtown Greenville will be able to experience the sights and sounds of Clemson at the new Experience Clemson visitors center, located on the first floor of the ONE Building at the intersection of East Coffee and North Main streets. is an interactive virtual museum where people can learn about Clemson's history and traditions, touch a replica of Howard's Rock and even "run down 'The Hill'" with the Tigers football team.

Clemson has taken the next step in its transformative research partnership with Greenville Health System (GHS) with the appointment of its inaugural GHS Faculty Fellows. Clemson faculty members Frances Kennedy and Joel Williams have been named to the positions where they will serve as leaders in collaborative health research between Clemson and GHS. Clemson's cardiovascular technology leadership concentration — the innovative public health sciences degree

program carried out in partnership with Greenville Health System — has been accredited by the Commission on Accreditation of Allied Health Education Programs, the largest programmatic accreditor in the health sciences field.

The past spring, Clemson entered into an agreement with the S.C. Technical College System to streamline the transfer process for students graduated from in-state technical colleges. The program will aid students in making a more seamless transfer to Clemson, help reduce lost time to graduation, and relieve some of the added financial burden now associated with transferring. The partnership opens new pathways for South Carolinians to pursue a four-year degree and will help meet the economic needs of the state as businesses demand a more educated workforce.

Awards and Acknowledgements

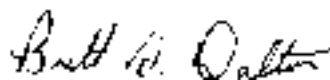
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Clemson University for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Clemson University has received the Certificate of Achievement annually since the fiscal year ended June 30, 1993. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of the Comprehensive Annual Financial Report in a timely manner would not have been possible without the coordinated efforts of the Comptroller's Office and other University financial staff. Each member has our sincere appreciation for their contributions in the preparation of the report.

Sincerely,



Brett A. Dalton
Vice President for Finance and Operations



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Clemson University
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in dark ink, reading "Jeffrey R. Enos". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

CLEMSON UNIVERSITY BOARD OF TRUSTEES

(as of June 30, 2015)

TRUSTEES

David H. Wilkins., *Chairman*
Partner, Nelson Mullins Riley & Scarborough LLP

John N. (Nicky) McCarter, Jr., *Vice Chairman*
President, Defender Services, Inc.

David E. Dukes
Partner, Nelson Mullins Riley & Scarborough LLP

Leon J. (Bill) Hendrix, Jr.
Chairman, Retired
Remington Arms Company

Ronald D. (Ronnie) Lee
Ronald D. Lee, DMD, P.C.

Louis B. Lynn
President, ENVIRO AgScience, Inc.

Patricia Herring McAbee
Vice President, Custom Development Solutions

E. Smyth McKissick, III
CEO, Alice Manufacturing Company, Inc.

Robert L. Peeler
Manager, Community and Municipal Relations
Waste Management Inc.

Mark S. Richardson,
Owner, MAR Real Estate, LLC

William C. Smith, Jr.,
CEO, Red Rock Developments

Joseph D. Swann
President, Retired
Rockwell Automation Power Systems

Kim Wilkerson
President, South Carolina Bank of America

TRUSTEE EMERITI

Louis P. Batson, Jr.
Chairman, Retired
Louis P. Batson Company

J. J. Britton
Sumter Family Health Center

Fletcher C. Derrick, Jr.
Urologist

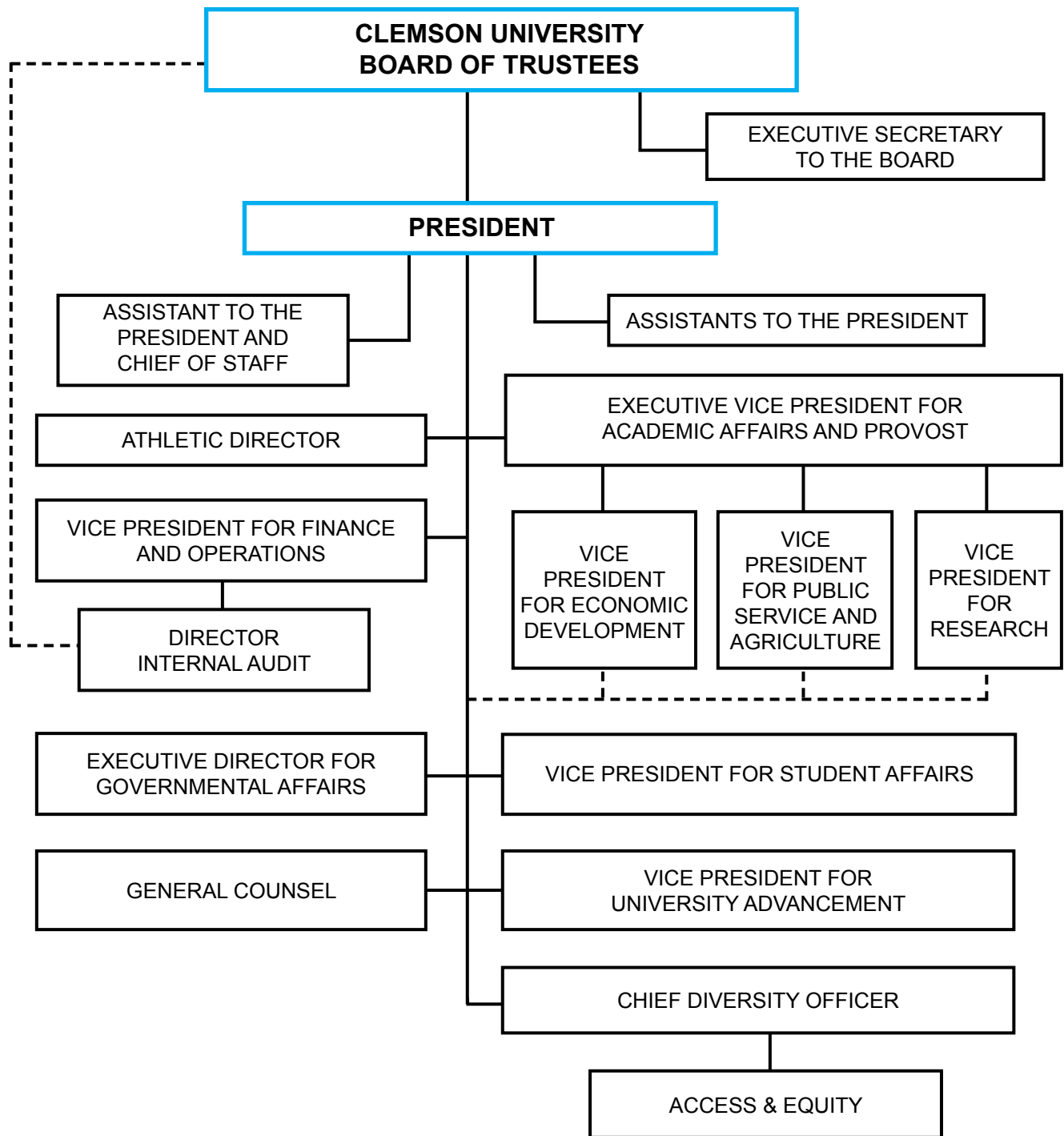
Harold D. (Doug) Kingsmore
Chairman of the Board, Southern Weaving Company

Thomas B. McTeer, Jr.
President, McTeer Real Estate, Inc.

D. Leslie Tindal
Retired
South Carolina Commissioner of Agriculture

Allen P. Wood
Retired
Mosley, Wilkins, Wood Associates, Ltd.

CLEMSON UNIVERSITY ORGANIZATION CHART





Financial Section

Independent Auditor's Report

Members of the Board of Trustees
Clemson University
Clemson, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Clemson University (the University), a component unit of the State of South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clemson University Research Foundation (a discretely presented component unit), the Clemson University Foundation (a discretely presented component unit), the Clemson University Land Stewardship Foundation (a discretely presented component unit), and IPTAY (a discretely presented component unit). The Clemson University Research Foundation, the Clemson University Foundation, the Clemson University Land Stewardship Foundation, and IPTAY represent 100% of total assets, 100% of net assets or position, and 100% of total revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these discretely presented components units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Clemson University Foundation and IPTAY were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of New Accounting Pronouncement

As discussed in Note 21 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for fiscal year ending June 30, 2015. Our audit opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 20-27, Schedule of University's Proportionate Share of Net Pension Liability on page 67 and Schedule of University Contributions on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient audit evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Introductory Section, Schedule of Pledge Net Revenues – Auxiliary Revenue Bonds (Series 2005, 2012 and 2015), Schedule of Pledge Net Revenues – Athletic Facilities Revenue Bonds (Series 2005, 2012, 2014A, 2014B, 2014C and 2015), Clemson University Reporting Entity – Combined Statement of Net/Financial Position, and Clemson University Reporting Entity – Combined Statement

of Revenues, Expenses, Activities and Changes in Net Position and Statistical Section, as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Greenville, South Carolina
October 1, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

Clemson University is pleased to present its financial statements for fiscal year 2015. While audited financial statements for fiscal year 2014 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data.

There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and, the Statement of Cash Flows. These statements present financial information in a format similar to that used by private corporations.

This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year.

Adoption of New Accounting Standards

The University implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ended June 30, 2015. The implementation of the statement required the University to record beginning net pension liability and the effects on unrestricted net position of contributions made by the University during the measurement period (fiscal year ended June 30, 2014). To the extent practical, in the first period that this Statement is applied, changes made to comply with this Statement should be reported as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. If restatement of all prior periods presented is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. In such circumstances, beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions should not be reported. Since the information for the restatement of beginning balances of deferred inflows of resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as restatement to ending net position as of June 30, 2014. As a result, ending unrestricted net position for the University for the year ended June 30, 2014 decreased by \$446,623,196. This decrease resulted in the restatement of unrestricted net position to a deficit balance of \$172,503,724 for the year ended June 30, 2014.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. All things being equal, a public University's dependency on state aid and gifts will result in operating deficits. The GASB requires state appropriations and gifts to be classified as nonoperating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Changes in total net position as presented on the Statement of Net Position is based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. State capital appropriations and capital grants and gifts are considered neither operating nor nonoperating revenues and are reported after "Income before other revenues, expenses, gains or losses."

The Condensed Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in Net Position at the end of the year. Some highlights of the information presented on this Statement are as follows:

Total Revenues – decrease of \$11.2 million

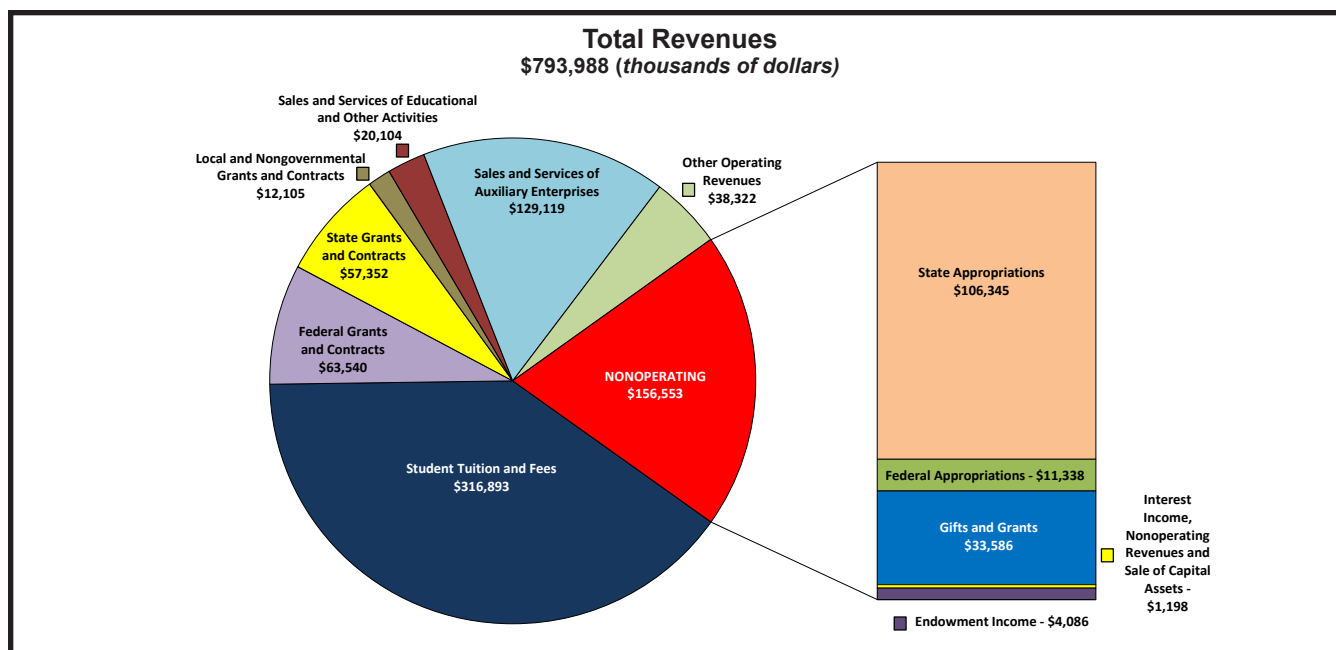
- Operating revenues increased \$33.1 million, based on the following:
 - Student tuition and fees increased \$16.2 million, the result of a Board approved increase of 3 percent for resident students and 3.2 percent for nonresident students. Enrollment also increased over the prior year.
 - Sales and services revenues increased \$8.5 million. Sales and services of pledged auxiliaries increased \$6.8 million. Athletics revenue increased as a result of an increase in ACC conference distributions as well as corporate sponsorships. A board approved 2.3 percent increase in room and board fees and increased enrollment led to increased Housing revenues. Non-pledged auxiliaries sales and services increased \$364,000. An increase in Information Systems Development contractual commitments for Medicaid IT Services was offset by a decrease in Telecommunications revenue. Sales and services of educational activities increased \$1.3 million as the result of Youth Learning Institute camp revenues and cooperative extension service sales.

UNAUDITED

**Condensed Summary of Net Revenues, Expenses
and Changes in Net Position (thousands of dollars)**

Description	2015	2014	Increase/ Decrease	Percent Change
Revenues:				
Student tuition and fees	\$ 316,893	\$ 300,711	\$ 16,182	5.38%
Sales and services	149,223	140,705	8,518	6.05%
Grants and contracts	132,997	128,082	4,915	3.84%
Other operating revenues	38,322	34,840	3,482	9.99%
Total operating revenues	637,435	604,338	33,097	5.48%
State appropriations	106,345	99,591	6,754	6.78%
Federal appropriations	11,338	10,566	772	7.31%
Gifts and grants	33,586	62,951	(29,365)	(46.65)%
Investment income	4,756	26,741	(21,985)	(82.21)%
Other nonoperating revenues	340	648	(308)	(47.53)%
Proceeds from the sale of capital assets	188	376	(188)	(50.00)%
Total nonoperating revenues	156,553	200,873	(44,320)	(22.06)%
Total revenues	793,988	805,211	(11,223)	(1.39)%
Expenses:				
Compensation and employee benefits	478,991	444,913	34,078	7.66%
Services and supplies	262,955	243,893	19,062	7.82%
Utilities	19,783	20,344	(561)	(2.76)%
Depreciation	49,316	42,974	6,342	14.76%
Scholarships and fellowships	25,411	23,846	1,565	6.56%
Total operating expenses	836,456	775,970	60,486	7.79%
Interest on capital asset related debt	7,341	5,512	1,829	33.18%
Loss on disposal of capital assets	4,343	(1,200)	5,543	461.92%
Refunds to grantors	137	178	(41)	(23.03)%
Facilities and administrative remittances to the State	375	413	(38)	(9.20)%
Total nonoperating expenses	12,196	4,903	7,293	148.75%
Total expenses	848,652	780,873	67,779	8.68%
Income before other revenues, expenses, gains or losses	(54,664)	24,338	(79,002)	(324.60)%
State capital appropriations	4,457	9,397	(4,940)	(52.57)%
Capital grants and gifts	6,448	6,198	250	4.03%
Additions to permanent endowments	209	123	86	69.92%
Change in net position	(43,550)	40,056	(83,606)	(208.72)%
Net position, beginning of year as originally stated	\$ 1,156,425	1,116,369	40,056	3.59%
Retatement, Note 21	(446,623)	—	(446,623)	
Net position, beginning of year as restated	709,802	1,116,369	(406,567)	(36.42)%
Net position, ending	\$ 666,252	\$ 1,156,425	\$ (43,550)	(42.39)%

- Grants and contracts revenues increased \$4.9 million. Revenues from federal grants and contracts increased \$1.5 million. Grants from the Department of Energy, Department of Agriculture, and National Science Foundation contributed to the increase. Lottery funded Palmetto Fellows, Life, and Hope scholarships contributed to a \$4.2 million increase in state grants and contracts. Local grants decreased \$758,000 due to a prior year grant for the Greenwood Genetic Center. Nongovernmental grants and contracts increased \$49,000 due to an increase in grants from private foundations and international sources.
- Other operating revenues increased \$3.5 million largely due to increases in computer service fees, primarily for amounts charged to other State agencies. The Clemson University/Greenville Hospital System research collaboration, increased student health services, National Dropout Prevention Center and Michelin Career Center revenues also contributed to the increase.



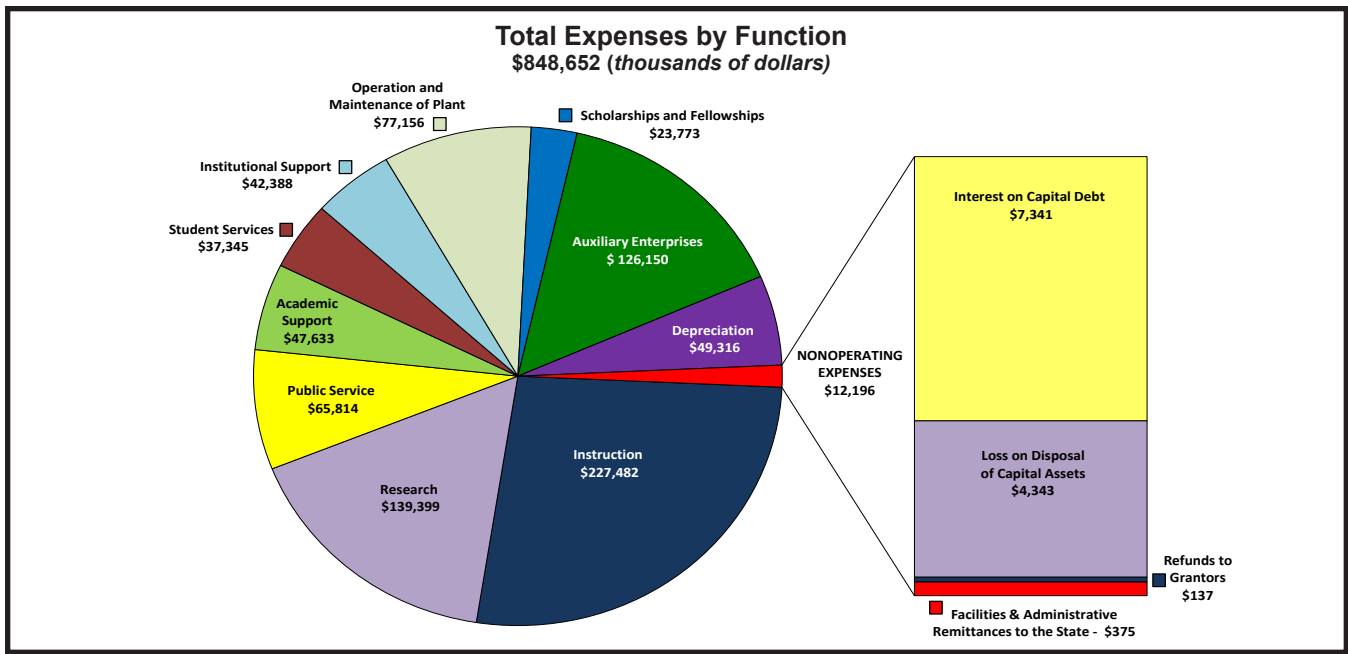
- Nonoperating revenues decreased \$44.3 million, based on the following:
 - State appropriations increased \$6.8 million. Appropriations for Educational & General (E&G) activities increased \$3.1million. Appropriations for Public Service Activities (PSA) increased \$3.7 million.
 - Federal appropriations increased \$772,000. Federal government funding for the University's land-grant Hatch appropriations increased in the current year.
 - Gifts and grants decreased \$29.4 million. IPTAY gifts that were previously recognized in the University's financial statements are now recorded in the newly formed independent IPTAY organization.
 - Investment income decreased \$22 million. The decrease is due to unrealized losses on amounts held by the Clemson University Foundation and Wells Fargo.
 - Other nonoperating revenues decreased \$308,000 due to a decrease in timber sales.
 - Proceeds from the sale of equipment decreased \$188,000.

Total Expenses – increase of \$67.8 million

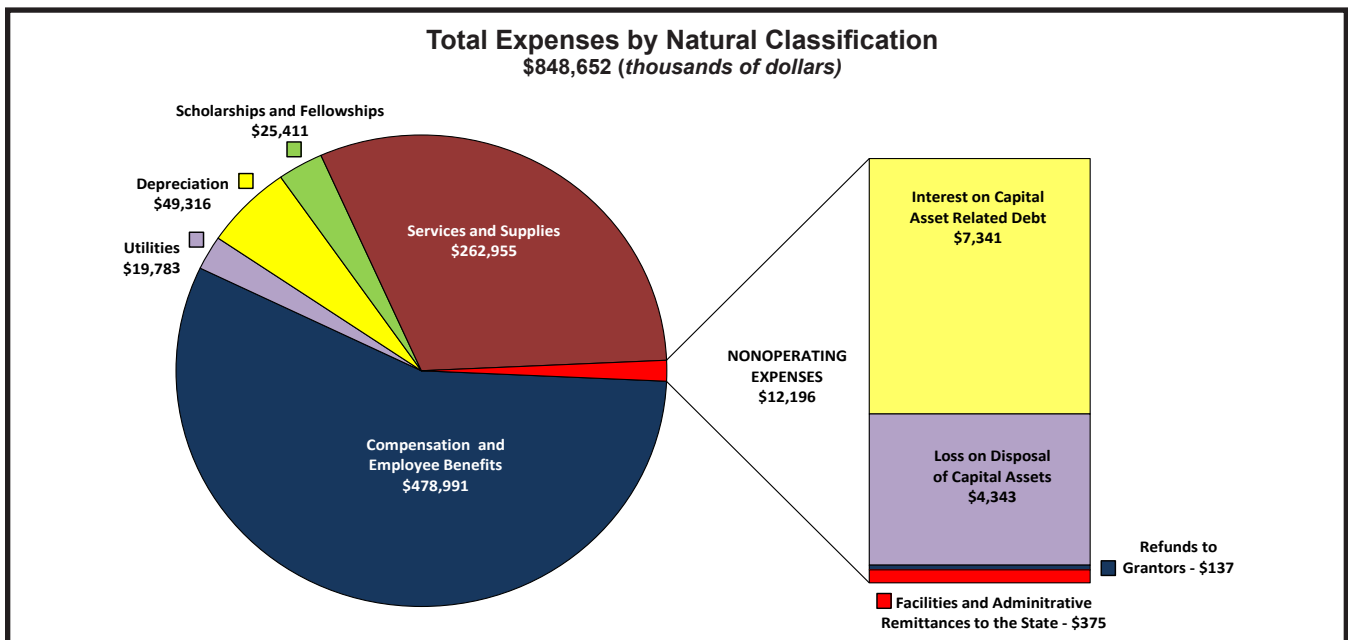
- Operating expenses increased \$60.5 million, based on the following:
 - Compensation and employee benefits increased \$34.1 million. The increase is attributable to the continuation of performance based salary increases for identified faculty and staff and a state mandated two percent cost of living adjustment in the current year for all employees.
 - Services and supplies expenses increased \$19.1 million. Instruction costs increased \$1.3 million largely related to increases in information technology costs. Research costs decreased \$142,000 over the prior year. Public service costs decreased \$24,000. Academic support costs decreased \$1.3 million related to information technology costs for hosting and other CCIT strategic initiatives and

Greenville One start up costs in the prior year. Student services costs increased approximately \$244,000 due to an increase in student organization, concert and event costs. The institutional support increase of \$1.9 million is the result of increased consulting costs and system upgrade costs for PeopleSoft Financials and PeopleSoft Human Resources. Operation and maintenance of plant costs increased \$11.2 million as a result of increased repairs and renovations projects and deferred maintenance projects. Scholarship and Fellowship costs decreased \$240,000 as a result of a decline in IPTAY related scholarship expenses. Auxiliary services costs increased \$6 million due to an increase in information systems development fees for Medicaid IT Services and an increase in Athletic costs.

- Utility expenses decreased \$561,000. Telephone costs decreased due to network rewiring and costs related to the implementation of the new Banner student ERP system in the prior year. Heat, light, and power costs increased due to the opening of the Wind Turbine Drive Train Test Facility in North Charleston.
- Depreciation expense increased \$6.3 million as the result of the capitalization of the Wind Turbine Drive Train Test Facility and Grid Simulator in North Charleston as well as the Banner student ERP system in the prior year.
- Scholarship and fellowship expenses increased \$1.6 million due to increases in state lottery funded Palmetto Fellows, Life, and Hope scholarships as well as federal Pell grants.
- Nonoperating expenses increased \$7.3 million based on the following:
 - Interest expense increased \$1.8 million as the result of the issuance of new Revenue and Athletic Facilities bond debt totaling approximately \$200 million in the current year.



- Losses on disposal of capital assets increased \$5.5 million as the result of the demolition of unused buildings at the Clemson University Research Institute site in North Charleston.
- Refunds to grantors decreased \$41,000 due to fixed payment amounts that had to be returned to sponsors when the cost of work performed was less than amounts previously received.
- Facilities and administrative costs remitted to the State decreased \$38,000. The State requires such costs collected for non-research sponsored projects in excess of \$200,000 to be remitted. Education and General program remittances decreased \$34,000 and Public Service Activities program remittances decreased \$4,000.
- The State capital appropriations decrease of \$4.9 million was attributable to a \$3 million decrease in State Capital Reserve Fund appropriation for deferred maintenance offset by increases in Research Infrastructure and Economic Development bond proceeds the Clemson University Research Institute and North Charleston land and renovation costs.
- Capital grants and gifts increased \$250,000. The gift of 16.47 acres of land in Greenwood valued at \$1.3 million was offset by decreases in capital gifts supporting major building projects including the in the prior year.
- An \$86,000 increase in additions to permanent endowments was the result of private donor gifts.



Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Clemson University. The Statement of Net Position presents end-of-year data concerning Assets (property that we own and what we are owed by others), Deferred Outflows of Resources (consumption of net position by the University that is applicable to a future reporting period), Liabilities (what we owe to others and have collected from others before we have provided the service), Deferred Inflows of Resources (acquisition of net position by the University that is applicable to a future reporting period), and Net Position (Assets and Deferred Outflows of Resources, minus Liabilities and Deferred Inflows of Resources). It is prepared under the accrual basis of accounting, where revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors, and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) and their availability for expenditure by the institution.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the institution. The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the University's permanent endowment funds and is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the institution for any lawful purpose of the institution. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives.

Assets and Deferred Outflows of Resources— increase of \$204.4 million

- Current assets increased \$116.4 million. Unrestricted cash balances decreased \$173,000 and restricted cash increased \$120.1 million. The unrestricted cash decrease was driven by spending for maintenance and renovation costs. Auxiliary cash decreased as a result of transfers to Improvement Funds and increased Athletic expenses. Restricted cash increased as a result of the proceeds from the issuance of Revenue and Athletic Facilities Bonds for construction costs at Memorial Stadium, Littlejohn Coliseum, Kingsmore Stadium, and Core Campus. Accounts receivable decreased

Condensed Summary of Net Position (*thousands of dollars*)

Description	2015	2014	Increase/ (Decrease)	Percent Change
Assets				
Current assets	\$ 549,438	\$ 433,066	\$ 116,372	26.87%
Capital assets, net	863,341	791,664	71,677	9.05%
Other noncurrent assets	211,517	235,918	(24,401)	(10.34)%
Total assets	<u>1,624,296</u>	<u>1,460,648</u>	<u>163,648</u>	<u>11.20%</u>
Deferred outflows of resources	<u>42,619</u>	<u>1,907</u>	<u>40,712</u>	<u>2134.87%</u>
Total assets and deferred outflows of resources	<u>1,666,915</u>	<u>1,462,555</u>	<u>204,360</u>	<u>13.97%</u>
Liabilities				
Current liabilities	135,412	114,557	20,855	18.20%
Noncurrent liabilities	826,904	638,196	188,708	29.57%
Total liabilities	<u>962,316</u>	<u>752,753</u>	<u>209,563</u>	<u>27.84%</u>
Deferred inflows of resources	<u>38,347</u>	<u>—</u>	<u>38,347</u>	<u>0.00%</u>
Total liabilities and deferred inflows of resources	<u>1,000,663</u>	<u>752,753</u>	<u>247,910</u>	<u>32.93%</u>
Net Position				
Net investment in capital assets	680,331	639,236	41,095	6.43%
Restricted - nonexpendable	58,323	58,241	82	0.14%
Restricted - expendable	126,834	184,828	(57,994)	(31.38)%
Unrestricted	(199,236)	(172,503)	(26,733)	15.50%
Total net position	<u>\$ 666,252</u>	<u>\$ 709,802</u>	<u>\$ (43,550)</u>	<u>(6.14)%</u>

\$4.6 million as the result of receivables in the prior year for state capital appropriations for deferred maintenance and federal receivables for the grid simulator at the Wind Turbine Drive Train Test Facility site at North Charleston. Grants and contracts receivable decreased \$559,000 due to the timing of prior year authorization for drawing federal appropriations. Contributions receivable decreased \$1.7 million. An increase in pledges of \$3.2 million was offset by the payment of existing pledges. Interest and income receivable decreased \$441,000 due to a decrease in earnings on cash balances held by the state treasurer. Prepaid items increased \$1 million primarily due to CCIT equipment purchases, hardware and software licensing. Other current assets increased \$2.6 million as a result of an under-recovery of pooled fringes for the fiscal year ending June 30, 2014 that will be absorbed through the approved pooled fringe rate established for the fiscal year ending June 30, 2016.

- Net capital assets increased \$71.7 million. Non-depreciable assets increased \$98.6 million. Construction in Progress increased by \$97.2 million as construction continued on major building projects across campus including Core Campus development, Douthitt Hills, Watt Innovation Center, and Memorial Stadium. Land gifts totaling \$1.4 million were received for the Greenwood Genetic Center and USDA Agricultural Research Service. Depreciable capital assets decreased \$26.9 million. A decrease of \$21.2 million in buildings was driven by depreciation for the Wind Turbine Drive Train Test Facility. Depreciation of new and existing utilities and other non-structural improvements resulted in a decrease of \$1.2 million. The decrease in software of \$4 million was driven by depreciation, partially offset by the capitalization of budgeting software totaling \$1.5 million. Equipment increased \$7.5 million. Additions totaling \$18 million was offset by depreciation expense. Vehicles decreased \$8 million. Vehicle additions totaling \$1.8 million were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles.
- Other noncurrent assets decreased \$24.4 million. The balance on loan to the Clemson University Foundation (CUF) increased \$4.5 million as the result of appreciation, income, and realized gains. Noncurrent contributions receivable decreased \$4.1 million due to the adjustment of two pledges that included gifts of equipment. Upon review, the pledges were for non-capital equipment, so the gift-in-kind portion of the pledges were written off. Investments decreased \$162,000 due to losses on endowment assets held by Wells Fargo. Restricted noncurrent cash balances decreased \$22.4 million due to the reclassification of Board designated endowments to unrestricted cash. Student loans receivable decreased \$131,000 due to collections of Perkins Federal student loans. Other assets decreased \$2.1 million due to the under-recovery of pooled fringe benefit costs that will be absorbed/adjusted through the approved pooled fringe rate established for the fiscal year ending June 30, 2017.

- Deferred outflows of resources increased \$40.7 million. Deferred losses on bond refundings increased \$297,000 due to the refunding of the Series 2005 Athletic Facilities Revenue bonds. Deferred outflows totaling \$40.4 million are related to the net pension liability that was recorded on the University's financials this fiscal year.

Liabilities and Deferred Inflows of Resources – increase of \$247.9 million

- Current liabilities increased \$20.9 million. The increase in accounts payable of \$18.5 million was largely attributable to amounts due at the end of the fiscal year for capital projects. Accrued payroll and related liabilities increased \$1 million as the result of increased salaries. The decrease in unearned revenues of \$2.6 million was attributable to the transfer of advanced premium seat and executive suite rentals to the new IPTAY organization. Current deposits decreased by \$1 million due the adjustment of pooled fringe over-recoveries for the fiscal year ending June 30, 2013. The increases in the current portion of long-term debt totaling \$2.6 million and increased interest expense payable totaling \$1.6 million resulted from the issuance of Revenue and Athletic Facilities bonds this year. The increase in the current portion of compensated absences and related liabilities of \$402,000 resulted from increased salaries as the result of performance pay increases in the current year. The current portion of funds held for others increased \$274,000 as a result increased study abroad collections for international student.
- Noncurrent liabilities increased by \$188.7 million. The University recorded its proportionate share of the state's net pension liability in the current fiscal year resulting in a restatement of Net Position. The University's proportionate share of the net pension liability increased \$6.3 million to \$452.9 million at the end of the current. Long-term debt increased \$181.8 million driven by the issuance of Revenue and Athletic Facilities bonds this year. The long-term liability for compensated absences and related liabilities increased \$557,000. The noncurrent portion of funds held for others increased \$66,000 as a result increased study abroad fees.
- Deferred inflows of resources related to the University's net pension liability totaled \$38.3 million. Deferred inflows of resources include the calculated difference between actual and projected investment earnings on the state's pension plans.

Net Position – decrease of \$43.5 million

- Net investment of capital assets increased \$41.1 million. This increase resulted from an increase in capital assets of \$71.7 million, less an increase in capital debt of \$184.4 million, an increase in unspent bond proceeds of \$153.5 million, and a \$297,000 increase in deferred outflows of resources as discussed above.
- Restricted – nonexpendable net position for scholarships and fellowships increased \$82,000 as the result of amounts received from individual donor gifts.

UNAUDITED

- Restricted for expendable net position decreased \$58 million, based on the following:
 - Restricted – expendable net position for scholarships and fellowships decreased \$13.2 million due to the reduction in IPTAY gifts that are now recorded in the newly formed IPTAY organization.
 - Restricted – expendable net position for research decreased \$161,000 resulting primarily from Sponsored Program research projects.
 - Restricted – expendable net position for instructional/departmental use decreased \$7.8 million due to the write off of pledges for non-capital equipment and funding for the Business Objects and PeopleSoft HR upgrade projects.
 - Restricted – expendable net position for student loans increased \$114,000 as the result of a slight increase in Perkins loans.
 - Restricted – expendable net position for capital projects decreased \$35.8 million resulting, in large part, from Improvement fund transfer and spending for capital projects including Core Campus, Douthitt Hills, and Memorial Stadium.
 - Restricted – expendable net position for debt service decreased \$1.1 million as the result of decreased reserve fund requirements for debt service.
- Unrestricted net position decreased \$26.7 million. Unrestricted net position was restated in the prior year to reflect accounting changes required under GASB 68, Accounting and Financial Reporting for Pensions. Recording this liability resulted in a deficit balance in unrestricted net position. Recording the University's proportionate share of the net pension liability resulted in a restatement and reduction of unrestricted net position totaling \$446,623,196 for the fiscal year ending June 30, 2014. Unrestricted net position related to the net pension liability and accompanying deferred inflows and deferred outflows of resources decreased an additional \$4.2 million in the fiscal year ending June 30, 2015. Certain reclassifications of net position were made for fiscal year 2014 in the amount of \$159,168,860 from restricted for expendable purposes - scholarships and fellowships to unrestricted net position. The reclassification was the result of management's analysis of underlying funds and changes to its IPTAY organization during the current fiscal year. The reclassification had no effect on total net position. The net position of Board designated endowments decreased \$7.6 million as a result of investment losses. In addition to the above noted items, Unrestricted – education and general decreased \$4.5 million, Unrestricted – funds designated for plan fund projects decreased \$5 million, Unrestricted – public service activities increased \$771,000, and Unrestricted – auxiliaries decreased \$6.1 million.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Capital Assets

Capital assets, net of accumulated depreciation, at June 30, 2015 and June 30, 2014 were as follows:

Capital Assets (net of accumulated depreciation)				
Description	2015	2014	Increase/ Decrease	Percent Change
Capital Assets:				
Land and improvements	\$ 34,116,890	\$ 32,702,685	\$ 1,414,205	4.32%
Construction in progress	120,386,763	23,201,848	97,184,915	418.87%
Utilities systems and other non-structural improvements	22,955,457	24,180,837	(1,225,380)	(5.07)%
Buildings and improvements	556,221,684	577,418,197	(21,196,513)	(3.67)%
Computer software	8,049,322	12,072,286	(4,022,964)	(33.32)%
Equipment	118,700,095	111,208,899	7,491,196	6.74%
Vehicles	2,910,897	10,879,528	(7,968,631)	(73.24)%
Total Capital Assets	\$ 863,341,108	\$ 791,664,280	\$ 71,676,828	9.05%

The \$98.6 million increase in non-depreciable capital assets was attributable to an increase in land and an increase in Construction in Progress. Land valued at approximately \$1.4 million was gifted for the Greenwood Genetic Center and USDA Agricultural Research Service. Construction in Progress increased approximately \$97.2 million as construction continued on the

Core Campus project, Douthit Hills, Watt Innovation Center, and Memorial Stadium.

Utilities Systems and Other Non-Structural Improvements decreased approximately \$1.2 million. The only new addition for the year was a \$918,000 Central Energy Facility boiler project that was offset by depreciation expense on new and existing assets of \$2.1 million.

Buildings decreased \$21.2 million due to a full year of depreciation on the Wind Turbine Drive-Train Test Facility and Grid Simulator projects in North Charleston.

Capitalized Computer Software decreased \$4 million. The implementation of Hyperion Budgeting software totaling \$1.5 million was offset by depreciation on new and existing software.

Equipment increased \$7.5 million. Net additions totaling approximately \$8 million was offset by depreciation and disposals totaling \$600,000.

Vehicles decreased \$8 million. Vehicle additions totaling \$1.8 million were offset by depreciation expense and disposals or trade-ins of previously owned departmental vehicles. In the current year, vehicles previously included in equipment were transferred to accurately reflect balances in the fixed asset accounting system.

For more detailed information on capital asset activity, please refer to Note 4 – Capital Assets in the Notes to the Financial Statements.

Debt Administration

The University's financial statements indicate \$360,774,526 in bonds payable and \$13,993,078 in capital leases payable at June 30, 2015.

The University's bonded indebtedness consisted of: General Obligation Bonds of \$117,781,395, Athletic Facilities Revenue Bond issues totaling \$124,914,324, and Revenue Bonds of \$118,078,807. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of the full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Athletic Facilities Revenue Bonds are payable solely from the net revenues of the University's Athletic Department and gross receipts from the imposition of any admissions fee and any special student fee. Revenue bonds are payable solely from and secured by a pledge of revenues of the University's housing facilities, bookstore, dining services, parking, vending and from additional funds from the academic "University fee" imposed by the Board of Trustees. In December, 2014, the University issued Athletic Facilities Revenue Bonds totaling \$50,480,000 for the construction of additions to Memorial Stadium, Kingsmore Stadium, and to refund the Series 2005 Athletic Facilities Revenue Bonds. In May, 2015, the University issued additional Athletic Facilities Revenue Bonds in the amount of \$60,695,000 for the construction of Littlejohn Coliseum. Also in May, 2015, the University issued Higher Education Revenue Bonds in the amount of \$90,285,000 for the construction of the Core Campus project.

Capital leases totaling \$13,993,078 include a capital lease with the Clemson University Land Stewardship Foundation (CULSF), its component unit, for space in the Greenville One Building in downtown Greenville, SC. The outstanding liability on this lease as of June 30, 2015 was \$12,991,851. Also included is a capital lease with an unrelated corporate leasing entity to finance the purchase of an electron microscope for the Advanced Materials Research Laboratories. The outstanding liability on this lease as of June 30, 2015, was \$1,001,227.

For additional information on this new notes payable, and Debt Administration, see Notes 6 and 7 in the notes to the financial statements.

Economic Outlook

As a State supported higher education institution, the University's economic position is closely tied to the State of South Carolina. The State ended fiscal year 2015 with a \$319 million budgetary surplus. In his end-of-the-year news release, State Comptroller General Richard Eckstrom noted that revenue collections for the state's General Fund increased \$472 million over the prior fiscal year, an increase of 7.3 percent. The actual revenue growth rate exceeded the forecasted growth rate of 4.4 percent that was used to prepare the fiscal year 2014-2015 state budget. After closing the books, an additional surplus of \$87 million was identified and transferred to the Contingency Reserve Fund for the General Assembly to appropriate.

State appropriations to fund University operations increased \$6.8 million for fiscal year 2015, an increase of almost seven percent from the previous year. Appropriations for Educational and General activities accounted for \$2.2 million of this increase, and Public Service Activities appropriations accounted for the remaining \$4.6 million.

State scholarship programs funded with lottery proceeds increased by approximately \$2.7 million, to \$51.1 million, for 2015. In addition, the University received \$1.75 million from the State Commission on Higher Education to fund the Science, Technology, Engineering and Math (STEM) program. State capital appropriations decreased by approximately \$4.9 million due to prior year one-time appropriations. State capital appropriations for the current year include \$825,000 for critical equipment repair and replacement, \$1.1 million for electrical infrastructure maintenance and renovation, and \$1.9 million for a renovation costs at the Clemson University Research Institute in North Charleston.

The University's Board of Trustees adopted a budget for fiscal year 2016 that included a 3.24 percent tuition increase for in-state students, a 4.25 percent increase for out-of-state students, and a 3.25 percent increase for graduate students. An average increase of 3 percent for room and board will be used to improve dining, housing and student life facilities.

CLEMSON UNIVERSITY

STATEMENT OF NET POSITION

June 30, 2015

Description	Clemson University	Clemson University Research Foundation
ASSETS		
<i>Current Assets:</i>		
Cash and cash equivalents.....	\$ 176,784,366	\$ 5,816,961
<i>Restricted Assets - Current:</i>		
Cash and cash equivalents.....	319,679,030	2,639,379
Accounts receivable (net of provision for doubtful accounts of \$882,822).....	20,544,289	1,145,903
Grants and contracts receivable.....	18,438,189	—
Contributions receivable, net.....	682,455	—
Interest and income receivable.....	813,510	—
Student loans receivable.....	47,017	—
Inventories.....	2,356,045	—
Prepaid items.....	7,494,333	152,927
Other current assets.....	2,598,922	—
Total current assets.....	549,438,156	9,755,170
<i>Noncurrent Assets:</i>		
Notes receivable.....	180,001,069	—
Contributions receivable, net.....	1,670,927	—
Investments.....	2,591,301	—
<i>Restricted Assets - Noncurrent:</i>		
Cash and cash equivalents.....	18,380,429	—
Student loans receivable.....	8,323,293	—
Other assets.....	549,338	1,187,002
Capital assets, not being depreciated.....	154,503,653	975,732
Capital assets, net of accumulated depreciation.....	708,837,455	1,644,083
Total noncurrent assets.....	1,074,857,465	3,806,817
Total assets.....	1,624,295,621	13,561,987
<i>Deferred Outflows of Resources:</i>		
Deferred losses on bond refunding.....	2,204,323	—
Deferred outflows on net pension liability.....	40,414,463	—
Total deferred outflows of resources.....	42,618,786	—
Total assets and deferred outflows of resources.....	\$ 1,666,914,407	\$ 13,561,987
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts and retainages payable.....	\$ 40,079,700	\$ 797,674
Accrued payroll and related liabilities.....	18,209,125	—
Accrued compensated absences and related liabilities.....	17,429,631	—
Accrued interest payable.....	2,989,568	3,839
Unearned revenues.....	36,586,258	84,987
Bonds payable.....	17,308,032	—
Capital leases payable.....	993,179	—
Notes payable.....	—	114,287
Deposits.....	966,288	—
Funds held for others.....	850,211	1,674
Total current liabilities.....	135,411,992	1,002,461
<i>Noncurrent Liabilities:</i>		
Accrued compensated absences and related liabilities.....	9,871,369	—
Funds held for others.....	7,628,989	—
Net pension liability.....	452,937,239	—
Bonds payable.....	343,466,494	—
Capital leases payable.....	12,999,899	—
Notes payable.....	—	2,444,958
Total noncurrent liabilities.....	826,903,990	2,444,958
Total liabilities.....	962,315,982	3,447,419
<i>Deferred Inflows of Resources:</i>		
Deferred inflows on net pension liability.....	38,346,672	—
Total deferred inflows of resources.....	38,346,672	—
Total liabilities and deferred inflows of resources.....	\$ 1,000,662,654	\$ 3,447,419
NET POSITION		
Net investment in capital assets.....	\$680,330,774	\$ 1,247,572
Restricted for nonexpendable purposes:		
Scholarships and fellowships.....	58,322,661	—
Restricted for expendable purposes:		
Scholarships and fellowships.....	24,612,899	—
Research.....	1,234,592	2,597,067
Instructional/departmental use.....	17,940,574	—
Loans.....	2,033,655	—
Capital projects.....	75,406,913	—
Debt service.....	5,605,283	—
Unrestricted.....	(199,235,598)	6,269,929
Total net position.....	\$ 666,251,753	\$ 10,114,568

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2015

Description	Clemson University	Clemson University Research Foundation
REVENUES		
Operating Revenues::		
Student tuition and fees (net of scholarship allowances of \$85,019,417)	\$ 316,893,164	\$ —
Federal grants and contracts	63,540,063	2,397,987
State grants and contracts	57,351,862	—
Local grants and contracts	882,273	—
Nongovernmental grants and contracts	11,222,618	107,052
Sales and services of educational and other activities	20,102,980	—
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$13,425,943)	103,162,461	—
Sales and services of auxiliary enterprises - not pledged	25,956,919	—
Other operating revenues	38,322,392	3,709,869
Total operating revenues	637,434,732	6,214,908
EXPENSES:		
Operating Expenses:		
Compensation and employee benefits	478,991,413	—
Services and supplies	262,955,427	6,332,095
Utilities	19,783,262	113,391
Depreciation	49,316,424	380,139
Scholarships and fellowships	25,410,620	—
Total operating expenses	836,457,146	6,825,625
Operating loss	(199,022,414)	(610,717)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	106,344,796	—
Federal appropriations	11,337,741	—
Gifts and grants	33,585,909	—
Interest income	669,734	12,283
Endowment income	4,086,338	—
Interest on capital asset related debt	(7,341,336)	(119,634)
Other nonoperating revenues	339,819	524,362
Gain/loss on disposal of capital assets	(4,152,574)	—
Refunds to grantors	(137,110)	—
Facilities and administrative remittances to the State	(375,223)	—
Net nonoperating revenues	144,358,094	417,011
Income before other revenues, expenses, gains or losses	(54,664,320)	(193,706)
State capital appropriations	4,456,874	—
Capital grants and gifts	6,448,318	—
Additions to permanent endowments	209,467	—
Decrease in net position	(43,549,661)	(193,706)
NET POSITION		
Net position, beginning of year as originally stated	1,156,424,610	10,308,274
Restatement, Note 21	(446,623,196)	—
Net position, beginning of year as restated	709,801,414	10,308,274
Net position, end of year	\$ 666,251,753	\$ 10,114,568

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY

STATEMENT OF CASH FLOWS

For the year ended June 30, 2015

DESCRIPTION	AMOUNT
-------------	--------

CASH FLOWS FROM OPERATING ACTIVITIES

Payments from customers.....	\$ 444,304,438
Grants and contracts.....	123,817,997
Payments to suppliers.....	(260,189,096)
Payments to employees.....	(402,206,344)
Payments for benefits.....	(98,381,487)
Payments to students.....	(37,262,023)
Inflows from Stafford loans.....	64,954,547
Outflows from Stafford loans.....	(7,140,780)
Loans to students.....	(48,851)
Collection of loans.....	1,230,276
Net cash used by operating activities.....	(170,921,323)

CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations.....	106,344,796
Federal appropriations.....	13,538,553
Gifts and grants.....	67,219,793
Net cash flow provided by noncapital financing activities.....	187,103,142

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt.....	214,065,153
State capital appropriations.....	3,704,329
Capital grants and gifts received.....	4,194,486
Proceeds from sale of property.....	187,672
Purchases of capital assets.....	(108,253,054)
Principal payments and redemption premiums on long term debt.....	(28,963,486)
Interest and fees.....	(6,793,840)
Net cash provided by capital activities.....	78,141,260

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments.....	3,138,419
Proceeds from stock sales.....	40,576
Net cash flows provided by investing activities.....	3,178,995

Net change in cash.....	97,502,075
Cash beginning of year.....	417,341,751

Cash end of year..... \$ 514,843,825

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss).....	\$ (199,022,414)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense.....	49,316,424
Amortization of net pension liability.....	4,246,253

Change in asset and liabilities:

Receivables net.....	(23,789,081)
Grants and contracts receivable.....	187,294
Student loans receivable.....	197,009
Prepaid items.....	(1,634,309)
Inventories.....	(133,311)
Pooled fringe adjustment.....	3,148,260
Accounts and retainages payable.....	1,760,231
Accrued payroll and related liabilities.....	1,019,553
Accrued compensated absences and related liabilities.....	959,000
Unearned revenue.....	(2,766,662)
Deposits held for others.....	(4,409,570)

Net cash used by operating activities..... \$ (170,921,323)

NON-CASH TRANSACTIONS

Increase in fair value of investments.....	\$ (4,293,440)
Assets acquired through gifts.....	2,379,887
State capital appropriations receivable.....	5,571,002
Collection of capital gift receivable.....	(122,055)

RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES

Current assets:	
Cash and cash equivalents.....	\$ 176,784,366
Restricted cash and cash equivalents.....	319,679,030
Noncurrent assets.....	18,380,429

Total cash and cash equivalent balances \$ 514,843,825

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION

June 30, 2015

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents.....	\$ 57,357,419
Contributions receivable, net.....	30,911,101
Due from related organizations.....	1,564,400
Investments	424,059,849
Investments held for Clemson University	180,001,069
Cash surrender value of life insurance	2,025,395
Land held for resale	11,900
Land, buildings and equipment, net	9,426,093
Investments held in trust for affiliate:	
Non-pooled assets, net	8,855,958
Pooled investments.....	12,568,412
Contributions receivable, net	20,284,787
Other assets.....	306,342
Total assets.....	\$ 747,372,726
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued liabilities.....	\$ 553,644
Due to related organizations.....	271,316
Due to others.....	1,000,000
Accrued liability to Clemson University due to net investment appreciation	77,081,753
Note payable to Clemson University	102,919,316
Actuarial liability of annuities payable	5,232,324
Funds administered for affiliate	41,709,158
Total liabilities	228,767,511
Net Assets:	
Unrestricted	26,986,624
Temporarily restricted	216,312,641
Permanently restricted	275,305,950
Total net assets	518,605,215
Total liabilities and net assets	\$ 747,372,726

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

DESCRIPTION	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Gifts and bequests	\$ 1,461,125	\$ 15,204,815	\$ 16,220,043	\$ 32,885,983
Income on investments	4,796,883	1,173,722	2,611	5,973,216
Net realized and unrealized gains on investments.....	554,969	8,086,752	(47,692)	8,594,029
Program income	1,725,627	387,840	—	2,113,467
Other income	2,965,435	1,835	42,965	3,010,235
Change in value of split-interest agreements	41,056	(105,948)	(385,048)	(449,939)
Reclassification of donor intent.....	—	(659,457)	659,457	—
Total.....	11,545,095	24,089,559	16,492,337	52,126,991
Net assets released from restrictions.....	24,871,163	(24,871,163)	—	—
Total revenues, gains and other support.....	36,416,258	(781,604)	16,492,337	52,126,991
EXPENSES:				
Program expenses:				
Grants to Clemson University.....	1,515,903	—	—	1,515,903
Alumni operations	1,499,058	—	—	1,499,058
Endowments.....	6,288,662	—	—	6,288,662
Operations.....	13,738,729	—	—	13,738,729
Capital projects.....	1,784,597	—	—	1,784,597
Total program expenses.....	24,826,949	—	—	24,826,949
General and administrative	2,099,756	—	—	2,099,756
Fundraising.....	4,952,044	—	—	4,952,044
Total expenses.....	31,878,749	—	—	31,878,749
Change in net assets before other changes	4,537,509	(781,604)	16,492,337	20,248,242
OTHER CHANGES:				
Contributions to a related entity	(3,926,268)	—	—	(3,926,268)
Transfer to temporarily restricted funds due to underwater endowments.....	5,651	(5,651)	—	—
Total other changes	(3,920,617)	(5,651)	—	(3,926,268)
Change in net assets.....	616,892	(787,255)	16,492,337	16,321,974
Net assets at beginning of year	26,369,732	217,099,896	258,813,613	502,283,241
Net assets at end of year.....	\$ 26,986,624	\$ 216,312,641	\$ 275,305,950	\$ 518,605,215

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION

June 30, 2015

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents	\$ 1,340,683
Receivables	858,382
Real estate investments.....	36,337,593
Real estate, net	11,632,192
Direct financing lease	13,041,531
Loan issue costs, net	88,235
Development costs	1,335,452
Equipment, net.....	5,854
Prepaid expense	64,981
Total assets	\$ 64,704,903
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable.....	\$ 2,387,671
Accrued interest payable.....	17,201
Deposits held for others	26,606
Retainage payable.....	193,272
Unearned revenue.....	98,061
Deferred rent revenue.....	3,031,671
Due to Clemson University Foundation	20,932,472
Notes payable.....	14,997,830
Total liabilities	41,684,784
Unrestricted net assets	23,020,119
Total net assets	23,020,119
Total liabilities and net assets.....	\$ 64,704,903

See accompanying notes to basic financial statements.

CLEMSON UNIVERSITY LAND STEWARDSHIP FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

DESCRIPTION	AMOUNT
REVENUES, GAINS AND OTHER SUPPORT:	
Gifts and contributions at fair value	\$ 185,000
Rental revenues	2,437,489
Direct financing.....	4,466
Federal grant.....	858,382
Common area fees	531,026
Unrealized gain on investments	844,475
Total revenues and gains	<u>4,860,838</u>
EXPENSES:	
Program expenses:	
Administrative and other	300,744
Greenville One.....	253,858
CU-ICAR campus	1,113,646
Total program expenses.....	<u>1,668,248</u>
Interest expense.....	456,999
Total expenses	<u>2,125,247</u>
Excess of revenues over expenses.....	2,735,591
Unrestricted net assets at beginning of year	20,284,528
Unrestricted net assets at end of year	<u><u>\$ 23,020,119</u></u>

See accompanying notes to basic financial statements.

IPTAY

NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2015

DESCRIPTION	AMOUNT
ASSETS	
Cash and cash equivalents	\$ 21,300,126
Due from related organizations.....	2,043,263
Annual fund receivable net.....	445,822
Funds held in trust by an affiliate:	
Non-pooled assets.....	8,510,335
Pooled investments	10,257,938
Contributions receivable, net.....	20,284,787
Total assets	\$ 62,842,271
LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable and accrued expenses	\$ 45,926
Due to related organizations	7,481
Total liabilities	53,407
Net assets.....	
Unrestricted.....	62,579,505
Temporarily restricted	209,359
Total net assets	62,788,864
Total liabilities and net assets	\$ 62,842,271

See accompanying notes to basic financial statements.

IPTAY
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

DESCRIPTION	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions:			
From the public	\$ 58,841,155	\$ 401,354	\$ 59,242,509
Net realized and unrealized gains on investments.....	125,508	98	125,606
Investment income.....	46,434	—	46,434
Total	59,013,097	401,452	59,414,549
Net assets released from restrictions -			
Satisfaction of purpose restrictions	192,093	(192,093)	—
Total revenues, gains and other support	59,205,190	209,359	59,414,549
EXPENSES:			
Program services:			
Support of Clemson University.....	170,775	—	170,775
Management and general.....	381,179	—	381,179
Total expenses	551,954	—	551,954
Excess of revenues over expenses	58,653,236	209,359	58,862,595
Contributions of unrestricted net assets from a related party (Note 7)	3,926,269	—	3,926,269
Change in net assets.....	62,579,505	209,359	62,788,864
Net assets, beginning of year	—	—	—
Net assets, end of year	\$ 62,579,505	\$ 209,359	\$ 62,788,864

See accompanying notes to basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Clemson University is a State-supported, coeducational institution of higher education. The University is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the institution. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total operating funds. The laws of the State and the policies and procedures specified by the State for State agencies and institutions are applicable to the activities of the University. The University was established as an institution of higher education by Section 59-119-20 of the Code of Laws of South Carolina in accordance with the will of Thomas Green Clemson and the Act of Acceptance of the General Assembly of South Carolina. The University is a component unit of the State of South Carolina and its financial statements are included in the Comprehensive Annual Financial Report of the State of South Carolina. The University is governed by a board of thirteen members, including six elected by the State Legislature and seven self-perpetuating life members. Accordingly, as such it administers, has jurisdiction over, and is responsible for the management of the University.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Codification Section 2100, Defining the Financial Reporting Entity, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. GASB Codification Section 2600, Reporting Entity and Component Unit Presentation and Disclosure, provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and classifies reporting requirements for those organizations. Based on these criteria, the financial statements include the University and its blended component unit as the primary government, and other related entities as discretely presented component units.

The Clemson Research Facilities Corporation (CRFC) is a separately chartered not-for-profit corporation established to construct certain facilities for the University. CRFC is a fully blended component unit of the University. Although legally separate from the University, CRFC's activities are so intertwined with the University's that they are, in substance, the same as the primary entity. CRFC's activities are governed by its Board of Directors which is wholly comprised of University representatives. Its balances and transactions are blended with those of the University and reported as if they were balances and transactions of the University.

The Clemson University Foundation (CUF) is a separately chartered corporation organized exclusively to promote the development and welfare of Clemson University in its educational and scientific purposes. CUF's activities are governed by its Board of Directors. CUF is considered a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. CUF is considered a nongovernmental component unit since it does not meet the definition of a governmental entity. None of the following characteristics of a governmental entity apply to CUF: a) Organization is a public corporation; b) Organization is a body corporate and politic; c) A controlling majority of the members of the organization are elected or appointed by governmental officials; d) There is potential for unilateral dissolution by a government with the net assets reverting to the government; and e) The organization has the power to enact and enforce a tax levy. Because CUF is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements. Copies of the separately issued financial statements of the Clemson University Foundation can be obtained by sending a request to the following address: Clemson University Foundation, 110 Daniel Drive, Clemson, SC, 29634.

The Clemson University Land Stewardship Foundation (CULSF) is a separately chartered corporation, established to serve the needs of Clemson University in the management, development, and investment of real property and related assets. CULSF's activities are governed by its Board of Directors. CULSF is considered a component unit because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. CULSF is considered a nongovernmental component unit since it does not meet the definition of a governmental entity (as described above). Copies of the separately issued financial statements of the Clemson University Land Stewardship Foundation can be obtained by sending a request to the following address: Clemson University Land Stewardship Foundation, P.O. Box 1889, Clemson, SC 29633.

The Clemson University Research Foundation (CURF) is a separately chartered corporation established to solicit research grants and contracts, then contract the University to perform the research. CURF's activities are governed by its Board of Directors. CURF is considered a component unit, and is discretely presented in the financial statements, because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. Copies of the separately issued financial statements of the Clemson University Research Foundation can be obtained by sending a request to the following address: Clemson University Research Foundation, 155 Old Greenville Highway, Suite 105,, Clemson, SC 29633.

IPTAY is a separately chartered corporation established exclusively to support University athletics. IPTAY's activities are governed by its Board of Directors. IPTAY is

NOTES TO FINANCIAL STATEMENTS

considered a component unit, and is discretely presented in the financial statements, because the nature and significance of its relationship with the University is such that exclusion from the reporting entity would render the financial statements incomplete. IPTAY is considered a nongovernmental component unit since it does not meet the definition of a governmental entity (as described above). Copies of the separately issued financial statements of IPTAY can be obtained by sending a request to the following address: IPTAY, P.O. Box 1529, Clemson, SC 29633.

The University's discretely presented component units are discussed in Note 20.

Financial Statement Presentation

The financial statement presentation for the University meets the requirements of GASB Codification Sections 2100-2900, Financial Reporting Entity, and Co5, Colleges and Universities. The financial statement presentation provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows, deferred outflows, revenues and expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Significant estimates include separation of accrued compensated absences between current and non-current and depreciation expense. Actual results could differ from those estimates.

Basis of Accounting

For financial reporting purposes, the University, along with Clemson Research Facilities Corporation, its fully blended component unit, and the Clemson University Research Foundation, its discretely presented component unit, is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

The Clemson University Foundation (CUF), the Clemson University Land Stewardship Foundation (CULSF), and IPTAY are private nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards, including Accounting Standards Codification Topic 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB

revenue recognition criteria and presentation features. No modifications have been made to CUF, CULSF, or IPTAY's financial information in the University's financial reporting entity for these differences.

Cash and Cash Equivalents

The amounts shown in the financial statements in University funds as "cash and cash equivalents" represent petty cash, cash on deposit in banks, cash on deposit with the State Treasurer, cash invested in various instruments by the State Treasurer as part of the State's internal cash management pool, cash invested in various short-term instruments by the State Treasurer and held in separate agency accounts, and certain funds invested with Wells Fargo.

Most State agencies, including the University, participate in the State's internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. For credit risk information pertaining to the cash management pool, see the deposits disclosures in Note 2.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. The University records and reports its deposits in the general deposit account at cost. It records and reports its special deposit account at fair value. Investments held by the pool are recorded at fair value. Interest earned by the University's special deposit accounts is posted to its account at the end of each month and is retained. Interest earnings are allocated based on the percentage of the University's accumulated daily income receivable to the total income receivable of the pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in the fair value of investments held by the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year end based on the percentage of ownership in the pool.

Some State Treasurer accounts are not included in the State's internal cash management pool because of restrictions on the use of the funds. For those accounts, cash equivalents include investments in short-term, highly liquid securities having an internal maturity of three months or less at the time of acquisition. For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State Treasurer's Cash Management Program are considered to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

Receivables

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of South Carolina. Accounts receivable are recorded net of estimated uncollectible amounts.

Grants and contracts receivable include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts. Also included are amounts due for Federal loan and scholarships programs and reimbursements for Federal land-grant expenditures.

Contributions receivable are accounted for at their estimated net realizable value. The estimated net realizable value comprehends the present value of long-term pledges and reductions for any allowance for uncollectible pledges. Pledges vary from one to ten years and are used to support specifically identified University programs and initiatives.

Amounts due from the Clemson University Foundation are pursuant to a Memorandum of Understanding between the University and that entity prompted by a 1999 change in the South Carolina Code of Laws that allowed state-supported universities to lend endowment balances to separately chartered not-for-profit entities whose existence is primarily providing financial assistance and other support to the institution and its educational programs. For additional information regarding this loan, see Note 3.

Student loans receivable consists of amounts due from the Federal Perkins Loan Program, and from other loans administered by the University.

Interest and income receivable consists of amounts due from the State Treasurer relating to holdings in the State's internal cash management pool and cash invested in various short-term investments by that agency.

Inventories

Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market. Items accounted for as University inventories using the moving weighted average method include: maintenance supplies, housing supplies, janitorial and auto supplies, printing and graphic supplies, office supplies, computer parts and accessories, telecommunications supplies and medical supplies.

Prepaid Items

Expenditures for insurance and similar services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the University, amounts reported in this asset account consist primarily of prepaid insurance, prepaid postage, prepaid airline tickets, and advance payments for maintenance and service agreements.

Investments

The University accounts for its investments at fair value

in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Noncurrent Cash and Investments

Noncurrent cash and investments primarily consist of permanently endowed funds and federal student loan funds. These funds are externally restricted and are classified as noncurrent assets in the statement of net position.

Other Assets

The University submits a pooled fringe benefit rate proposal to its cognizant agency, the U.S. Department of Health & Human Services two years in advance of actual charges. For the years ended June 30, 2014 and June 30, 2015 the University recognized an under-recovery of costs. The under-recoveries will be considered in the rate proposal for the fiscal years ending June 30, 2016 and June 30, 2017.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of one year and depreciable land improvements, buildings and improvements, and intangible assets, including internally developed software, costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 40 years for buildings and improvements and land improvements and 6 to 20 years for machinery, equipment, and vehicles. Internally developed software is depreciated using the straight-line method over a three year period. Depreciation expense is charged monthly, with a mid-month convention utilized for the initial month that the asset is placed in service.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

NOTES TO FINANCIAL STATEMENTS

Deposits

Deposits represent football-related guarantees and conference settlement amounts, and various student-related amounts including: dormitory room deposits, security deposits for possible room damage and key loss, other deposits, and student fee refunds. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Funds Held for Others

Current balances in Funds Held for Others result primarily from the University acting as an agent, or fiduciary, for another entity. These include amounts due to other entities and amounts due for various study abroad programs. Current balances also include negotiated termination settlement amounts due in the next fiscal year for a former athletics coach. Noncurrent balances represent the Federal liability for the Perkins Loan Program.

Internal Service and Auxiliary Enterprise Activities

Both revenue and expenses relating to internal service (including information technology costs) and auxiliary enterprise activities including print shop, office equipment, maintenance, transportation services, telecommunications, institutional computing, bookstores, and cafeterias have been eliminated.

Compensated Absences

Generally all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the agency's workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave, except that faculty members do not accrue annual leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave and compensatory overtime leave earned for which the employees are entitled to paid time off or payment at termination. The University calculates the compensated absences liability based on recorded balances of unused leave for which the employer expects to compensate employees through paid time off or cash payments at termination. That liability is inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments net change in the liability is recorded in the current year in the applicable functional expenditure categories.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one

year, are to be paid from funds that are classified as noncurrent assets.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and additions to/ deductions from SCRS's and PORS's fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent consumption of net position that is applicable to a future period. Deferred inflows of resources represent acquisition of net position that is applicable to a future period. For the University, refunds related to debt defeasance are included in deferred outflows of resources. The deferred amount will be amortized over the remaining life of the debt refunded. Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

Net Position

The University's components of net position are classified as follows:

Net Investment in Capital Assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position - Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted Net Position - Expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

NOTES TO FINANCIAL STATEMENTS

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources and then towards restricted resources.

Income Taxes

The University is a political subdivision of the State of South Carolina and is consequently exempt from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

The Internal Revenue Service has determined that the Clemson University Foundation, the Clemson University Research Foundation, the Clemson University Land Stewardship Foundation, and IPTAY qualify as exempt organizations under Internal Revenue Code Section 501(c)(3) and as such are exempt from taxation on related income.

Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, state and local grants and contracts, and (4) interest on institutional loans. Operating expenses include all expense transactions incurred other than those related to investing, capital or noncapital financing activities.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB Statement No. 34, such as state and federal appropriations and investment income. Nonoperating expenses include interest paid on capital asset related debt, losses on the disposal of capital assets, and refunds to grantors.

Educational Activities Revenue

Revenues from sales and services of educational activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from various activities related to the University's agricultural public service mission, including pesticide registration and licensing fees, livestock, poultry and health test fees, extension service fees, forest product sales, and youth camp fees. These unrestricted revenues are collectively labeled "Sales and Services of Educational Departments".

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Adoption of New Accounting Standards

Effective for the fiscal year ended June 30, 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. As a result of this implementation, the University will now report its portion of the State of South Carolina's net pension liability. Since the information for the restatement of beginning balances of deferred inflows of resources or deferred outflows of resources is not available for the earliest period presented, the cumulative effect of the Statement implementation will be shown as restatement to ending net position as of June 30, 2014. The effect of this implementation is discussed in Notes 8 and 21.

NOTES TO FINANCIAL STATEMENTS

NOTE 2.

CASH AND CASH EQUIVALENTS, DEPOSITS AND INVESTMENTS

All deposits and investments of the University are under the control of the State Treasurer who, by law, has sole authority for investing State funds. Certain monies are deposited or invested with or managed by financial institutions and brokers.

The following schedule reconciles deposits and investments within the footnotes to the balance sheet amounts:

Reconciliation of Deposits and Investments			
Statement of Net Position	Amount	Footnotes	Amount
Cash and cash equivalents:		Cash on hand	\$ 339,511
Current - unrestricted	\$ 176,784,366	Deposits held by State Treasurer	514,003,447
Current - restricted	319,679,030	Other deposits	500,867
Noncurrent - restricted	18,380,429	Investments held by State Treasurer	154,439
Investments	2,591,301	Other investments	2,436,862
Total	\$ 517,435,126	Total	\$ 517,435,126

Deposits Held by State Treasurer

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agent in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina. For the fiscal year ending June 30, 2015, \$5,590,641 of the \$514,003,447 identified above as "Deposits held by State Treasurer" is attributable to unrealized appreciation.

Other Deposits

The University's other deposits at year-end were entirely covered by federal depository insurance or collateral held by custodial banks.

Investments Held by State Treasurer

Investments held by State Treasurer comprise investments held for the University and the State of South Carolina which are legally restricted, and earnings thereon become revenue of the specific fund from which the investment was made. These investments are specific, identifiable investment securities. Investments consist of Agricultural College stock with a carrying amount of \$95,900 and Perpetual stock with a carrying amount of \$58,539 held by the State Treasurer as Trustee in Perpetuity on which they are required to pay the University six percent per year. Since there is no readily determinable fair value for these investments, they have been assigned a fair value equal to their historical cost value.

Other Investments

The University also has investments in mutual funds as authorized by a single donor. The mutual funds with a fair value of \$2,436,862 are held and invested by Wells Fargo, as trustee in accordance with the endowment agreement specified by the donor.

The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

"Other Investments" are stated at fair value and include unrealized appreciation of \$1,603,581. Purchases and sales are accounted for on the trade date. Both unrealized and realized gains and losses on investments have been recorded. Earnings are recorded on an accrual basis.

Other investments as of June 30, 2015 were as follows:

Other Investments			
Description	Effective Fair Value	Maturity (Years)	Credit Rating
Domestic bond fund	\$ 317,190	6.2	N/A
International bond fund	91,200	8.6	N/A
Equity funds	2,028,472	N/A	N/A
Total other investments	\$ 2,436,862		

NOTES TO FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES

University receivables reported in the Statement of Net Position as of June 30, 2015, were as follows:

University Receivables			
Description	Current	Noncurrent	Total
Accounts receivable	\$ 20,544,289	\$ —	\$ 20,544,289
Grants and contracts receivable	18,438,189	—	18,438,189
Notes receivable	—	180,001,069	180,001,069
Contributions receivable, net	682,455	1,670,927	2,353,382
Interest and income receivable	813,510	—	813,510
Student loans receivable	47,017	8,323,293	8,370,310
Total university receivables	\$ 40,525,460	\$ 189,995,289	\$ 230,520,749

Accounts receivable are reported net of allowances for doubtful accounts of \$882,822 based on credit losses experienced in prior years and evaluation of current portfolios. Student payment allowances of \$697,000, parking services allowances of \$140,319, emergency medical service allowances of \$36,175, Sullivan Center allowances of \$4,328, and telecommunications allowances of \$5,000 comprise this amount.

Accounts receivable for the year ended June 30, 2015, were comprised of the following balances:

Accounts Receivable	
Description	Amount
State capital appropriations	\$ 5,571,002
Students/scholarships	5,647,503
Auxiliaries	6,717,402
Computer services	393,083
Professional development	36,840
Educational programs	932,850
Camps	11,350
Fees	808,610
Other	425,649
Total accounts receivable	\$ 20,544,289

Grants and contracts receivable are comprised of amounts due for sponsored research projects, federal land-grant appropriations, and federal scholarship programs. Grants and contracts receivable for the year ended June 30, 2015, were comprised of the following balances:

Grants and Contracts Receivable					
Description	Federal	State	Local	Nongovernmental	Total
Sponsored research	\$ 13,271,499	\$ 346,133	\$ 83,597	\$ 2,903,018	\$ 16,604,247
Land-grant appropriations	1,060,192	—	—	—	1,060,192
Scholarship programs	773,750	—	—	—	773,750
Total grants and contracts receivable	\$ 15,105,441	\$ 346,133	\$ 83,597	\$ 2,903,018	\$ 18,438,189

NOTES TO FINANCIAL STATEMENTS

Contributions receivable are comprised of pledges for gifts to support specifically identified University programs and to provide athletic scholarships. Contributions receivable are accounted for at their estimated net realizable value, or the present value of long-term pledges and reductions for allowances for uncollectible pledges. Contributions receivable are reported net of allowances for current uncollectible pledges of \$486,808 and allowances for noncurrent uncollectible pledges of \$331,104. Pledges vary from one to ten years.

Contributions Receivable

Description	Current	Noncurrent	Total
University programs	\$ 682,455	\$ 1,670,927	\$ 2,353,382
Total contributions receivable	\$ 682,455	\$ 1,670,927	\$ 2,353,382

Part II, Section 9 of the 1998-99 State Appropriations Act amended the South Carolina Code of Laws by adding Section 59-101-410. This amendment allowed the governing boards of state-supported universities to lend their endowment and auxiliary enterprise funds on deposit with the State Treasurer's Office to separately chartered not-for-profit legal entities whose existence is primarily providing financial assistance and other support to the institution and its educational program.

Accordingly, as of June 30, 2015, the University had notes receivable from the Clemson University Foundation, a related party, totaling \$180,001,069. This amount includes the original loan of \$35,358,188, additional amounts totaling \$67,561,127 loaned since the fiscal year 1999 original loan, plus related income and appreciation. Funds loaned to the Clemson University Foundation will be paid back to the University with interest at a rate equal to that which is necessary to produce a sum which is equal to the total return (consisting of appreciation and income), provided, however, such rate will not be less than zero. The Memorandum of Understanding between Clemson University and the Clemson

University Foundation is for a ten year period. It is reviewed annually by both parties and may be extended automatically for an additional twelve month period unless either party provides written notice of objection to the extension, in which case, the Memorandum of Understanding will not automatically extend for an additional twelve month period. The above notwithstanding, either party may terminate the Memorandum of Understanding at any time without cause upon one hundred eighty days written notice to the other party.

With minor exceptions, losses for loans to students are not estimated or recorded in allowances for uncollectible accounts. At the time a loan is considered uncollectible it is charged to principal. Any accounts receivable written off is recognized in the period in which the receivable is considered uncollectible. Based on past experience, potential losses are not deemed material.

Interest and income receivable consists of amounts due from the State Treasurer relating to holdings in the State's internal cash management pool and cash invested in various short-term investments by that agency.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is summarized as follows:

Capital Assets					
Description	Beginning Balance June 30, 2014	Increases	Decreases	Transfers	Ending Balance June 30, 2015
Capital assets not being depreciated:					
Land and improvements	\$ 32,702,685	\$ 1,414,205	\$ —	\$ —	\$ 34,116,890
Construction in progress*	23,201,848	100,234,679	—	(3,049,764)	120,386,763
Total capital assets not being depreciated	<u>55,904,533</u>	<u>\$ 101,648,884</u>	<u>—</u>	<u>\$ (3,049,764)</u>	<u>154,503,653</u>
Depreciable capital assets:					
Utilities systems and other non-structural improvements	50,663,878	918,485	—	—	51,582,363
Buildings and improvements	912,229,246	2,097,285	3,865,484	1,898,259	912,359,306
Computer software	19,080,071	312,562	—	1,151,505	20,544,138
Equipment	284,683,327	18,471,004	11,493,132	1,109,581	292,770,780
Vehicles	15,508,950	1,884,781	1,555,829	(1,109,581)	14,728,321
Total depreciable capital assets at historical cost	<u>1,282,165,472</u>	<u>23,684,117</u>	<u>16,914,445</u>	<u>3,049,764</u>	<u>1,291,984,908</u>
Less accumulated depreciation for:					
Utilities systems and other non-structural improvements	26,483,040	2,143,866	—	—	28,626,906
Buildings and improvements	334,811,049	22,239,949	913,376	—	356,137,622
Computer software	7,007,786	5,487,030	—	—	12,494,816
Equipment	173,474,428	18,884,923	10,111,786	(8,176,880)	174,070,685
Vehicles	4,629,422	560,159	1,549,037	8,176,880	11,817,424
Total accumulated depreciation	<u>546,405,725</u>	<u>49,315,927</u>	<u>\$ 12,574,199</u>	<u>—</u>	<u>583,147,453</u>
Depreciable capital assets, net	<u>735,759,747</u>	<u>(25,631,810)</u>	<u>4,340,246</u>	<u>3,049,764</u>	<u>708,837,455</u>
Capital assets, net	<u>\$ 791,664,280</u>	<u>\$ 76,017,074</u>	<u>\$ 4,340,246</u>	<u>\$ —</u>	<u>\$ 863,341,108</u>
*Includes current fiscal year capitalized interest of \$2,422,566					
NOTE: The University received \$187,672 in proceeds from the sale of capital assets					

NOTE 5. UNEARNED REVENUES, DEPOSITS AND FUNDS HELD FOR OTHERS

Unearned revenues consist primarily of athletic ticket sales and related fees and unearned student revenues for summer session and fall semester. These monies were collected in advance and were not earned at June 30, 2015.

Athletic sales and related event receipts include: advance sales of football tickets and program advertising fees. Unearned student revenues consist mainly of student tuition and fees, room and board, and other fees related to the long summer session and fall semester. Also included are amounts received in advance for sponsored research programs.

Fees collected in advance for municipal services, contract credit courses, and various departmental accounts comprise the remaining balance of unearned revenues.

A summary listing of unearned revenue follows:

Unearned Revenues	
Description	Amount
Athletic event receipts - fall semester	17,170,830
Sponsored research programs	5,306,440
Academic and other fees	12,032,235
Educational programs	1,373,189
Public service programs	135,498
Other	568,066
Total unearned revenues	<u>\$ 36,586,258</u>

NOTES TO FINANCIAL STATEMENTS

Current deposits are comprised of football game guarantees and amounts due to the Atlantic Coast Conference, student campus card balances, funds held on deposit for concert promoters and miscellaneous departmental amounts.

Deposits

Description	Current Amount
Football guarantees/conference settlement	\$ 519,578
Student campus card balances	314,615
Miscellaneous departmental	132,095
Total deposits	<u>\$ 966,288</u>

Funds held for others consist of both current and noncurrent components. Negotiated termination settlement amounts due in the next fiscal year to a former athletic coach comprise \$200,000 of the current amount. The balance of current funds held for others is comprised of agency funds held in trust for others.

The federal Perkins loan liability balance represents the noncurrent funds held for others.

Funds Held for Others

Description	Current Amount	Noncurrent Amount
Federal Perkins Loans	\$ —	\$ 7,628,989
Coach's termination settlement	200,000	—
Amounts held in trust	650,211	—
Total funds held for others	<u>\$ 850,211</u>	<u>\$ 7,628,989</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. BONDS PAYABLE

At June 30, 2015, bonds payable consisted of the following:

BONDS PAYABLE					
Description	Original Debt	Interest Rate (outstanding)	Maturity Dates	June 30, 2015 Balance	Debt Retired in Fiscal Year 2015
General Obligation Bonds					
Bonds dated 4/01/07 (Series 2007B)	\$ 14,000,000	2.50-4.50%	6/1/2021	\$ 6,605,000	\$ 925,000
Bonds dated 3/01/11 (Series 2011B)	62,370,000	2.25-5.00%	3/1/2031	61,570,000	200,000
Bonds dated 5/1/12 (Series 2012C)	21,135,000	4.00-5.00%	4/1/2018	10,695,000	3,745,000
Bonds dated 6/1/14 (Series 2014B)	33,030,000	3.00-5.00%	6/1/2034	31,745,000	1,285,000
				<u>110,615,000</u>	
Revenue Bonds					
Bonds dated 12/1/05 (Series 2005)	22,130,000	4.00-4.25%	5/1/2020	2,755,000	4,445,000
Bonds dated 2/1/12 (Series 2012)	21,200,000	2.00%	5/1/2018	17,820,000	1,565,000
Bonds dated 5/1/15 (Series 2015)	90,285,000	4.00-5.00%	5/1/2045	90,285,000	—
				<u>110,860,000</u>	
Athletic Facilities Revenue Bonds					
Bonds dated 12/1/05 (Series 2005)	15,000,000	0.00%	5/1/2025	—	13,600,000
Bonds dated 2/1/12 (Series 2012)	12,335,000	2.00-3.00%	5/1/2023	7,765,000	1,315,000
Bonds dated 12/1/14 (Series 2014A)	30,695,000	3.00-5.00%	5/1/2045	30,695,000	—
Bonds dated 12/1/14 (Series 2014B)	9,240,000	2.00-4.00%	5/1/2027	9,240,000	—
Bonds dated 12/1/14 (Series 2014C)	10,545,000	2.00-5.00%	5/1/2025	10,480,000	65,000
Bonds dated 5/1/15 (Series 2015)	60,695,000	4.00-5.00%	5/1/2045	60,695,000	—
				<u>118,875,000</u>	
Subtotal bonds payable				\$ 340,350,000	\$ 27,145,000
Plus unamortized bond premium				20,424,526	1,568,032
Total Bonds Payable				<u>\$ 360,774,526</u>	<u>\$ 28,713,032</u>

Bonds issued by the University include certain restrictive covenants. General Obligation Bonds of the State are backed by the full faith, credit and taxing power of the State. Tuition and matriculation fees paid to the University are pledged for the payment of principal and interest on these bonds. Auxiliary Revenue Bonds are payable solely from and secured by a pledge of revenues of the University's housing facilities, bookstores, dining services, parking and vending, and from additional funds from the academic "University" fee imposed by the Board of Trustees. Athletic Facilities Revenue Bonds are payable solely from the net revenues of the University's Athletic Department and the gross receipts from the imposition of any admissions fee and any special student fee.

The University purchased a bond insurance policy payable to the bond trustee for the Revenue Bonds Series 2005; and the Athletic Facilities Revenue Bonds Series 2005. In addition, a surety bond was purchased for the Athletic Facilities Revenue Bonds, Series 2005. The insurance guarantees payment of principal and interest until all debt has been retired.

Tuition fees for the fiscal year ended June 30, 2014 were \$27,557,494 which results in a legal annual debt service limit at June 30, 2015 of \$24,801,745. This amount is equal to 90% of tuition fees collected for the prior fiscal year.

The Series 2005 Improvement and Refunding Revenue Bonds maturing prior to May 1, 2017, shall not be subject to redemption prior to their stated maturities. The Series 2005 Bonds maturing on or after May 1, 2017, shall be subject to

redemption at the option of the Board of Trustees, on or after May 1, 2016, in whole or part, at any time, and if in part in those maturities designated by the University and by lot within a maturity (but only in integral multiples of \$5,000) upon 30 days notice at the par amount of the principal to be redeemed, plus accrued interest thereon.

The Series 2005 Athletic Facilities Revenue Bonds maturing prior to May 1, 2017 shall not be subject to redemption; however, they shall be subject to redemption prior to maturity on or after May 1, 2017 at the option of the University, on or after May 1, 2016, in whole or in part for the principal amount thereof and the interest accrued on such principal amount to the date fixed for redemption.

The Series 2007B General Obligation Bonds maturing on and after June 1, 2018, are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the State, on and after June 1, 2017, at par plus accrued interest to the date fixed for redemption.

The Series 2011B General Obligation State Institution Bonds maturing on and after March 1, 2022, are subject to redemption, in whole or in part, at any time in any order of maturity to be determined by the State, on and after March 1, 2021 at par plus accrued interest to the date fixed for redemption.

The Series 2012 Refunding Revenue Bonds mature as serial bonds on May 1 of each of the years 2012 through 2018 and are not subject to redemption prior to maturity.

NOTES TO FINANCIAL STATEMENTS

The Series 2012 Athletic Facilities Refunding Revenue Bonds mature as serial bonds on May 1 of each of the years 2012 through 2023 and are not subject to redemption prior to maturity.

The Series 2012C General Obligation State Institution Bonds mature on April 1 in each of the years 2013 through 2018 and are not subject to redemption prior to maturity.

The Series 2014B General Obligation State Institution Bonds mature on April 1 in each of the years 2015 through 2034 and are not subject to redemption prior to maturity.

During the fiscal year ending June 30, 2015, the University issued Athletic Facilities Revenue Bonds Series 2014A in the amount of \$30,695,000; Athletic Facilities Revenue Bonds Series 2014B in the amount of \$9,240,000; Athletic Facilities Revenue Bonds Series 2014C in the amount of \$10,545,000; Athletic Facilities Revenue Bonds Series 2015 in the amount of \$60,695,000; and Higher Education Revenue Bonds Series 2015 in the amount of \$90,285,000.

The Series 2014A Athletic Facilities Revenue Bonds were issued for the purpose of (1) defraying the costs of planning, developing, constructing, and equipping (i) improvements to Memorial Stadium (football) on the University's campus including the third phase addition to the West Zone Complex (to include the Oculus and Pedestrian Link structures), and (ii) additions to the Doug Kingsmore Stadium (baseball) on the University's campus to provide (a) additional player amenities including, without limitation, locker rooms, a lobby, team areas, training rooms, a players' dining area, meeting space, a gallery, catering kitchen, laundry, coach offices, and a players' lounge, (b) a viewing platform, and (c) additional spectator seating (both (i) and (ii) constitute a portion of the athletic facilities of the University) and (2) paying the costs of issuance of the Series 2014A Bonds. The Series 2014A bonds are payable from and secured by a pledge on certain auxiliary net revenues and from designated University fees. The Series 2014A bonds are subject to redemption prior to maturity. The \$449,204 bond premium associated with this issuance is being amortized over the thirty year life of the bonds using the straight line method.

The Series 2014B Taxable Athletic Facilities Revenue Bonds were issued for the purpose of (1) defraying the costs of planning, developing, constructing, and equipping improvements to Memorial Stadium (football) on the University's campus including renovations to the Memorial Stadium Suites (to include luxury boxes, seating, concourses, and administrative and operational space and (2) paying the costs of issuance of the Series 2014B Bonds. The Series 2014B Bonds are payable from and secured by a pledge on certain auxiliary net revenues and from designated University fees.

The Series 2014B bonds are subject to redemption prior to maturity. The \$280,690 bond premium associated with this issuance is being amortized over the twelve year life of the bonds using the straight line method.

The Series 2014C Athletic Facilities Revenue Refunding Bonds were issued for the purpose of (1) refunding \$13,600,000 of the University's outstanding Athletic Facilities Revenue Bonds, Series 2005 that are scheduled to mature in the years 2015 through 2025, inclusive (the "Refunded Bonds"), and (2) paying the costs of issuance of the Series 2014 Bonds. Net proceeds of \$12,185,851 plus \$2,262,704 in available debt service reserve funds were used to purchase United States government securities to refund the Series 2005 Bonds. This refunding resulted in a deferred loss of \$848,555 that is being amortized over the remaining term of the Series 2005 Bonds using the straight-line method. The bonds were refunded to reduce total debt service over the next ten years by \$3,752,373 and to obtain an economic gain of \$858,723. The Series 2014C Bonds are payable from and secured by a pledge on certain auxiliary net revenues and from designated University fees. The Series 2014C bonds are subject to redemption prior to maturity. The \$1,831,051 bond premium associated with this issuance is being amortized over the ten year life of the bonds using the straight line method.

The Series 2015 Athletic Facilities Revenue Bonds were issued for the purpose of (i) defraying the costs of planning, developing, constructing and equipping renovations to Littlejohn Coliseum on the campus of the University and (ii) paying the costs of issuance of the Series 2015 Bonds. The Series 2015 Bonds are payable from and secured by a pledge on certain auxiliary net revenues and from designated University fees. The Series 2015 bonds are subject to redemption prior to maturity. The \$3,448,925 bond premium associated with this issuance is being amortized over the thirty year life of the bonds using the straight line method.

The Series 2015 Higher Education Revenue Bonds were issued for the purpose of (i) defraying the costs of planning, developing, and equipping a mixed-use facility encompassing additional student housing, dining, retail, administrative, and other auxiliary facilities and services on the campus of the University, known as the Core Campus Project (the "Core Campus Project"); and (ii) to pay the cost of issuance of the Series 2015 Bonds. The Series 2015 Bonds are payable from and secured by a pledge on certain auxiliary net revenues and from designated University fees. The Series 2015 bonds are subject to redemption prior to maturity. The \$6,555,282 bond premium associated with this issuance is being amortized over the thirty year life of the bonds using the straight line method.

NOTES TO FINANCIAL STATEMENTS

All of the bonds are payable in semiannual installments plus interest. Amounts including interest required to complete payment of the Revenue, Athletic Facilities Revenue, and General Obligation bonds as of June 30, 2015, are as follows:

Revenue Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2016	\$ 6,260,000	\$ 4,398,562	\$ 10,658,562
2017	6,395,000	4,264,562	10,659,562
2018	8,155,000	4,127,563	12,282,563
2019	2,380,000	3,906,363	6,286,363
2020	2,490,000	3,792,463	6,282,463
2021 through 2025	10,350,000	17,381,500	27,731,500
2026 through 2030	13,205,000	14,522,500	27,727,500
2031 through 2035	16,650,000	11,077,900	27,727,900
2036 through 2040	20,290,000	7,435,800	27,725,800
2041 through 2045	24,685,000	3,039,200	27,724,200
Total Revenue Bonds	\$ 110,860,000	\$ 73,946,413	\$ 184,806,413

Athletic Facilities Revenue Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2016	\$ 3,300,000	\$ 4,726,792	\$ 8,026,792
2017	3,415,000	4,627,642	8,042,642
2018	3,540,000	4,489,441	8,029,441
2019	3,680,000	4,346,341	8,026,341
2020	3,830,000	4,197,341	8,027,341
2021 through 2025	21,890,000	18,614,001	40,504,001
2026 through 2030	14,405,000	14,611,534	29,016,534
2031 through 2035	17,675,000	11,332,081	29,007,081
2036 through 2040	21,315,000	7,693,512	29,008,512
2041 through 2045	25,825,000	3,175,013	29,000,013
Total Athletic Facilities Revenue Bonds	\$ 118,875,000	\$ 77,813,698	\$ 196,688,698

General Obligation Bonds

Description	Principal	Interest	Total
Year Ending June 30			
2016	\$ 6,180,000	\$ 5,054,188	\$ 11,234,188
2017	6,480,000	4,755,538	11,235,538
2018	5,095,000	4,444,463	9,539,463
2019	4,800,000	4,204,413	9,004,413
2020	7,490,000	3,975,662	11,465,662
2021 through 2025	32,375,000	14,886,062	47,261,062
2026 through 2030	34,450,000	7,272,362	41,722,362
2031 through 2034	13,745,000	1,022,850	14,767,850
Total General Obligation Bonds	\$ 110,615,000	\$ 45,615,538	\$ 156,230,538

NOTES TO FINANCIAL STATEMENTS

The University reported net principal retirements and interest expenditures related to the bonds as follows for the year ended June 30, 2015:

Principal Retirements and Interest Expenses

Bond Type	Net Principal	Interest
General obligation bonds	\$ 6,155,000	\$ 4,543,847
Revenue bonds	6,010,000	890,325
Athletic facilities revenue bonds	14,980,000	1,615,933
Total Net Principal Retirements and Interest Expenses	<u>\$ 27,145,000</u>	<u>\$ 7,050,105</u>

NOTE 7. LEASE OBLIGATIONS

The University is obligated under various operating leases for the use of real property (land, buildings, office space) and equipment and also is obligated under capital leases and installment purchase agreements for the acquisition of real property. All capital and operating leases are with parties outside state government.

Future commitments for capital leases (which here and on the Statement of Net Position include other installment purchase agreements) and for non-cancellable operating leases having remaining terms in excess of one year as of June 30, 2015, were as follows:

Capital and Operating Lease Commitments

Description	Capital Leases	Operating Leases
Year Ending June 30:		
2016	\$ 1,042,910	\$ 1,423,628
2017	1,027,293	867,922
2018	722,767	471,175
2019	574,408	202,238
2020	574,408	157,139
2021 through 2025	2,872,040	560,660
2026 through 2030	2,872,040	—
2031 through 2035	2,872,040	—
2036 through 2038	1,553,372	—
Total minimum lease payments	<u>14,111,278</u>	<u>\$ 3,682,762</u>
Less: Interest	118,200	
Principal outstanding - Clemson University	<u>\$ 13,993,078</u>	

Capital Leases

The Capital Leases are payable in monthly installments and will expire in 2038. Expenditures for fiscal year 2015 were \$1,044,383 of which \$969,931 was principal and \$74,452 was interest. The following is a summary of the carrying values of the assets held under capital leases at June 30, 2015:

Assets Held Under Capital Lease

Description	Value at Lease Inception	Accumulated Depreciation	Net
Buildings	\$ 14,300,000	\$ 1,167,883	\$ 13,132,117
Equipment	2,023,216	661,482	1,361,734
Total assets held under capital lease	<u>\$ 16,323,216</u>	<u>\$ 1,829,365</u>	<u>\$ 14,493,851</u>

Certain capital leases provide for renewal and/or purchase options. Generally purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

NOTES TO FINANCIAL STATEMENTS

In October 2012, the University entered into a capital lease of \$14,300,000 at less than .1 percent interest whereby the University leases space in the Greenville One Building for a twenty-five year period which began in March 2013 and extends to March 2038. The Greenville One Building is located in downtown Greenville, SC and the space consists of four floors and space on the ground floor and exclusive use of an exterior green roof.

The University entered into this lease with Clemson University Land Stewardship Foundation, Inc. (CULSF), a component unit. The outstanding liability on this lease as of June 30, 2015 is \$12,991,851.

In October 2012 the University entered into a Capital Lease of \$2,023,216 at 5.703 percent interest with First Financial Corporate Leasing, LLC, an unrelated party, (whereby the University leases) a Hitachi NB5000 Duabeam FIB Microscope for use in the Advanced Materials Research Laboratories. Lease payments are for five years with bargain purchase options after the first twelve months. Lease payments are \$39,041.84 for 48 months and \$37,089.74 for the final twelve months.

The outstanding liability on this lease as of June 30, 2015 is \$1,001,227.

Operating Leases

The University's non-cancelable operating leases having remaining terms of more than one year expire in various fiscal years from 2015 through 2024. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancelable if the State of South Carolina does not provide adequate funding but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis.

In 1996, the University entered into a real property operating lease with the Clemson University Research Foundation (CURF), a component unit, for office space. The current lease extends through February, 2018. Under this agreement, the University paid CURF \$126,077 in the current year.

In December 2010, the University entered into a real property operating lease with CURF, a component unit, for space in the Emerging Technologies Center located in Anderson, SC. Under this agreement, Clemson pays CURF lease and building operating expenses, based upon occupancy. The University paid CURF \$195,154 in the current fiscal year.

In June 2011, the University's Computing and Information Technology division entered into a real property operating lease with the Clemson University Land Stewardship Foundation (CULSF), a component unit, for space in the building located at 3 Research Drive, Greenville, SC, at the Clemson University Center for Automotive Research (CU-ICAR) Campus. This agreement extends through September 2016. Under this agreement, the University paid CULSF \$107,886 in the current fiscal year.

In January 2012, Clemson University entered into a real property operating lease with CULSF, a component unit, for space located in the building at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement to establish a component testing laboratory extends through February 2017. Under this lease, the University paid CULSF \$165,595 in the current fiscal year.

In September 2011, the University entered into an agreement with CULSF, a component unit, for space in the building located at 3 Research Drive, Greenville, SC, at the CU-ICAR Campus. This agreement is on a month-to-month basis and extends indefinitely. Under this lease, the University paid \$12,000 in the current fiscal year.

In November 2013, the University entered into an agreement with CULSF for space in the building located at 3 Research Drive, Greenville, SC at the CU-ICAR Campus. This agreement is on a month to month basis and extends indefinitely. Under this lease, the University paid \$15,000 in the current fiscal year.

In January 2014, the University entered into an agreement with CULSF for space in the building located at 3 Research Drive, Greenville, SC at the CU-ICAR Campus. This agreement is on a month to month basis and extends indefinitely. Under this lease, the University paid \$36,000 this fiscal year.

In June 2014, the University entered into a real property operating lease with CUF for space in the building located at 110 Daniel Drive, Clemson, SC. This lease extends through June 2024. Under this lease, the University paid CUF \$97,665 this fiscal year.

In June 2014, the University entered into a real property operating lease with CUF for space in the building located at 114 Daniel Drive, Clemson, SC. This lease extends through June 2024. Under this lease, the University paid CUF \$42,500 this fiscal year.

In the current fiscal year, Clemson University incurred expenses of \$233,959 for office copier contingent rentals on a cost-per-copy basis.

NOTE 8. PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a

NOTES TO FINANCIAL STATEMENTS

request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012 is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

State ORP – As an alternative to membership in the SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined benefit contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for the State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes.

Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required

from the employers to the member's account with investment providers for the employee contribution (8 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The benefit formula for full benefits effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave.

NOTES TO FINANCIAL STATEMENTS

For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

Required **employee** contribution rates for fiscal year 2014-2015 are as follows:

SCRS

Employee Class Two	8% of earnable compensation
Employee Class Three	8% of earnable compensation

PORS

Employee Class One	\$21 per month
Employee Class Two	8.41% of earnable compensation
Employee Class Three	8.41% of earnable compensation

State ORP Employee	8% of earnable compensation
---------------------------	-----------------------------

Required **employer** contributions for fiscal year 2014-2015 are as follows:

SCRS

Employer Class Two	10.75% of earnable compensation
Employer Class Three	10.75% of earnable compensation
Employer Incidental Death Benefits	0.15% of earnable compensation

PORS

Employer Class One	7.80% of earnable compensation
Employer Class Two	13.01% of earnable compensation
Employer Class Three	13.01% of earnable compensation
Employer Incidental Death Benefits	0.20% of earnable compensation
Employer Accidental Death Benefits	0.20% of earnable compensation

State ORP

Employer Contributions	10.75% of earnable compensation (1)
Employer Incidental Death Benefits	0.15% of earnable compensation

(1) Of this employer contribution of 10.75% of earnable compensation, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

NOTES TO FINANCIAL STATEMENTS

SCRS – The University’s actual retirement and incidental death benefit program contributions for the years ended June 30, 2015, 2014, and 2013 were:

Fiscal Year Ended	Retirement		Incidental Death	
	Rate	Contribution	Rate	Contribution
2015	10.750%	\$ 18,570,838	0.15%	\$ 259,128
2014	10.450%	17,516,809	0.15%	251,437
2013	10.450%	17,286,091	0.15%	248,126

PORS – The University’s actual retirement and incidental death benefit program contributions for the years ended June 30, 2015, 2014, and 2013 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2015	13.010%	\$428,310	0.20%	\$6,585	0.20%	\$6,585
2014	12.440%	400,155	0.20%	6,433	0.20%	6,433
2013	11.900%	352,498	0.20%	5,924	0.20%	5,924

ORP – Total contributions directly to the ORPs were approximately \$7,048,416 (excluding the surcharge) from Clemson University as employer and approximately \$8,458,099 from its employees as plan members. The remaining employer contribution amounts sent to SCRS (excluding the surcharge) were \$8,105,678 for the employer contribution rate and \$211,452 for the incidental death program.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member’s participation may not continue after this date.

Net Pension Liability

At June 30, 2015 the University reported liabilities of \$447,817,506 and \$5,119,733 for its proportionate share of the SCRS and PORS net pension liability, respectively. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2013 projected forward to June 30, 2014. The University’s proportionate shares of the net pension liabilities were based on a projection of the University’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the University’s proportionate shares of the SCRS and PORS plans were 2.60107% and 0.26743%, which was the same as its proportionate shares of the net pension liabilities measured as of June 30, 2013, respectively.

For the year ended June 30, 2015, the University recognized pension expense of \$31,386,916 and \$447,913 for SCRS and PORS, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

South Carolina Retirement System

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 27,147,096	\$ —
Differences between expected and actual experience	12,689,264	—
Net difference between projected and actual earnings on pension plan investments	—	37,754,281
Total outflows and inflows of resources	\$ 39,839,100	\$ 37,754,281

NOTES TO FINANCIAL STATEMENTS

Police Officers Retirement System

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
University contributions subsequent to the measurement date	\$ 441,480	\$ —
Differences between expected and actual experience	136,623	—
Net difference between projected and actual earnings on pension plan investments	—	592,391
Total outflows and inflows of resources	\$ 577,138	\$ 592,391

The \$27,147,096 and \$441,480 reported as deferred outflows of resources related to pensions resulting from University contributions paid subsequent to the measurement date for the SCRS and PORS plans, respectively, during the year ended June 30, 2015 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

Year ended June 30:	SCRS	PORS
2016	\$ 5,513,651	\$ 112,666
2017	5,513,651	112,666
2018	5,513,651	112,666
2019	8,524,064	117,769
2020	—	—

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at last once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by our consulting actuary, Gabriel, Roeder, Smith and Company.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013 valuations for SCRS and PORS.

Actuarial cost method	SCRS Entry age	PORS Entry age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

NOTES TO FINANCIAL STATEMENTS

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	0.3	0.01
Short Duration	3.0%	0.6	0.02
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8	0.02
Emerging Markets Debt	6.0%	4.1	0.25
Global Public Equity	31.0%	7.8	2.42
Global Tactical Asset Allocation	10.0%	5.1	0.51
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.0	0.32
Private Debt	7.0%	10.2	0.71
Private Equity	9.0%	10.2	0.92
Real Estate (Broad Market)	5.0%	5.9	0.29
Commodities	3.0%	5.1	0.15
Total Expected Real Return	100.0%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on these assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 579,503,561	\$ 447,817,506	\$ 337,953,561
PORS	7,154,696	5,119,734	3,435,973

NOTES TO FINANCIAL STATEMENTS

The following table presents the sensitivity of the total System's net pension liability to changes in the discount rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 22,279,455,340	\$ 17,216,684,770	\$ 12,992,881,787
PORS	2,675,362,636	1,914,427,438	1,284,816,794

Pension Plan Fiduciary Net Position

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2014, net pension liability amounts for SCRS and PORS are as follows (amounts expressed in thousands):

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 42,955,205,796	\$ 25,738,521,026	\$ 17,216,684,770	59.9%
PORS	5,899,529,434	3,985,101,996	1,914,427,438	67.5%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASSB 67 in the System's notes to the financial statements and required supplementary information.

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS which can be accessed via the contact information provided above.

NOTE 9. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. Clemson University contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit post-employment healthcare and long-term disability plans administered by the Insurance Benefits Division (IB) of the South Carolina Public Employee Benefit Authority (PEBA).

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.00% of annual covered payroll for 2015 and 4.92% of annual covered payroll for 2014. The IB sets the employer contribution rate based on a pay-as-you-go basis. Clemson University paid approximately \$15,850,629 and \$14,783,300 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2015 and 2014, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years ended June 30, 2015 and 2014. Clemson University recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$171,980 and \$166,203 for the years ended June 30, 2015 and 2014, respectively.

NOTES TO FINANCIAL STATEMENTS

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

A copy of the separately issued financial statements for the benefit plans and the trust funds may be obtained by writing to the South Carolina Public Employee Benefit Authority – Insurance Benefits Division, P.O. Box 11960, Columbia, South Carolina 29211-1960.

NOTE 10. DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. All Clemson University employees may participate in the deferred compensation plans, except those in student employment positions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the Section 401(k), 457 and 403(b) plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment if permitted by the plan. Eligibility rules and penalties may apply. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan. In accordance with IRS regulations effective January 1, 2009, Clemson University adopted a 403b plan document. Under the plan, loans and financial hardship distributions are permitted. Fifteen years of service catch-up contributions are not permitted.

NOTE 11. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 was as follows:

Long-Term Liabilities					
Description	July 1, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
Bonds payable and capital lease obligations:					
General obligation bonds	\$ 116,770,000	—	\$ 6,155,000	\$ 110,615,000	\$ 6,180,000
Revenue bonds	26,585,000	90,285,000	6,010,000	110,860,000	6,260,000
Athletic facilities revenue bonds	22,680,000	111,175,000	14,980,000	118,875,000	3,300,000
Subtotal bonds payable	166,035,000	201,460,000	27,145,000	340,350,000	15,740,000
Unamortized revenue bond premium	9,387,405	12,605,153	1,568,032	20,424,526	1,568,032
Total bonds payable	175,422,405	214,065,153	28,713,032	360,774,526	17,308,032
Capital leases payable	14,963,009	—	969,931	13,993,078	993,179
Total bonds and notes payable	190,385,414	214,065,153	29,682,963	374,767,604	18,301,211
Other liabilities:					
Accrued compensated absences	26,342,000	17,422,481	16,463,481	27,301,000	17,429,631
Funds held for others	7,565,450	63,539	—	7,628,989	—
Net pension liability	446,623,196	31,834,829	25,520,786	452,937,239	—
Total other liabilities	480,530,646	49,320,849	41,984,267	487,867,228	17,429,631
Total long-term liabilities	\$ 670,916,000	\$ 263,386,002	\$ 71,667,230	\$ 862,634,832	\$ 35,730,842

Additional information regarding Bonds and Notes Payable is included in Note 6. Additional information regarding Net Pension Liability is included in Note 8. The balance in the long-term liability account “Funds held for others” represents the Federal liability for the Perkins Loan program.

NOTE 12. CONSTRUCTION COSTS AND COMMITMENTS

Capitalized

The University has obtained or has plans to obtain the necessary funding for the acquisition, construction, renovation, and equipping of certain facilities which will be capitalized in the applicable capital asset categories upon completion. Management estimates that the University has sufficient resources available and/or future resources identified to satisfactorily complete the construction of such projects which are expected to be completed in varying phases over the next 2 or 3 years at an estimated cost of \$479,085,168. The \$479,085,168 includes estimated costs of \$327,286,831 for capital projects currently in progress plus \$151,798,337 estimated costs for other capital projects already in service. Of the total estimated cost, \$212,462,591 was unexpended at June 30, 2015. Of the total expended through June 30, 2015, the University has capitalized substantially complete and in use projects in the amount of \$95,028,328. Of the unexpended balance the University has remaining commitment balances of \$68,237,218 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Retainages payable on these capitalized projects as of June 30, 2015 was \$2,847,274. Capital projects at June 30, 2015 which constitute construction in progress that are to be capitalized when completed are listed on the next page.

Construction Costs and Commitments

Project	Approximate Cost	Amount Expended
Advance Plant Technology Lab renovation	\$ 7,236,500	\$ 119,352
Advanced Technical Education Center	280,000	142,966
Agricultural regulatory software	176,409	176,409
Central Energy Facility boiler replacement	3,260,284	231,167
Clemson Engineering Technologies Lab boiler replacement	150,000	7,498
Cooper Adobe Studio construction	635,075	427,576
Core Campus development	96,000,000	24,223,318
CURI Graduate Education Center	20,190,000	2,714,380
Douthitt Hills development	18,998,656	13,711,622
Electrical distribution upgrade	1,430,000	281,675
Electrical infrastructure maintenance and improvements	1,118,674	5,593
Freeman Hall expansion	10,000,000	7,814,154
Greenville One Brand Center IT and furnishings	450,000	413,382
Greenwood Genetic Center construction	6,500,000	494,230
Housing management software	225,000	200,050
ICAR Advanced Powertrain Lab	2,300,000	391,746
Jervey Gym renovation	750,000	136,746
Kingsmore Stadium addition	8,850,000	7,079,928
Kronos acquisition	2,371,584	2,265,515
Littlejohn Coliseum renovation	63,500,000	5,214,268
Memorial Stadium III construction	6,600,000	4,747,833
Memorial Stadium suites renovation	26,400,000	18,762,244
SAP Business Objects software	1,091,198	784,864
SCDOT Annex parking lot renovation	972,700	86,498
Tiger Band Plaza	615,000	577,423
Transformer and switch gear replacement	285,000	54,782
Snow Family Outdoor Fitness and Wellness Center field renovation	980,000	274,862
Watt Innovation Center	30,655,751	24,105,362
West campus energy plant construction	10,465,000	389,999
Waste Water Treatment Plant upgrade	4,800,000	4,551,321
Total Construction Costs and Commitments	<u>\$ 327,286,831</u>	<u>\$ 120,386,763</u>

The amount expended includes only capitalized project expenses and capitalized interest on construction debt for projects less than substantially complete and not in service at June 30, 2015. No noncapitalized expenditures are included in these totals.

Non-Capitalized

At June 30, 2015 the University had in progress other capital projects which will not be capitalized when complete. These projects are for replacements, repairs, and/or renovations to existing facilities. Estimated costs on these non-capitalized projects total \$83,848,706. This amount includes costs incurred to date of \$42,550,053 and estimated costs to complete of \$41,298,653. The University has remaining commitment balances with certain parties related to these projects of \$14,034,600. Retainages payable on the non-capitalized projects as of June 30, 2015, was \$333,713. The University anticipates funding these projects out of current resources, current and future bond issues, state capital improvement bond proceeds, private gifts and student fees.

NOTE 13. RELATED PARTIES

Certain separately chartered legal entities whose activities are related to those of the University exist primarily to provide financial assistance and other support to the University and its educational program.

The activities of these entities are not included in the University's financial statements. However, the University's statements include transactions between the University and its related parties.

In accordance with Governmental Accounting Standards Board (GASB) Codification Sections 2100, Defining the Financial Reporting Entity, and Section 2600, Reporting Entity and Component Unit Presentation and Disclosure, management annually reviews its relationships with the related parties described in this note. The University excluded these related parties from the reporting entity because it is not financially accountable for them.

Following is a more detailed discussion of each of these entities and a summary of significant transactions (if any) between these entities and Clemson University.

Clemson University Real Estate Foundation

The Clemson University Real Estate Foundation, Inc., is a separately chartered entity organized to hold, and invest acquired real estate property. The Real Estate Foundation's actions are governed by its Board of Directors. This entity had no transactions with the University and did not significantly require the time or service of any University employees.

Clemson University Continuing Education and Conference Complex Corporation

The Clemson University Continuing Education and Conference Complex Corporation (Finance Corporation), is a separately chartered corporation established in September, 1993, to construct, operate and manage the golf course and hotel components of the Clemson University Continuing Education and Conference Complex. The Finance Corporation's actions are governed by its Board of Directors. The Finance Corporation reimbursed the University \$231,418 for salaries for time devoted by University employees to the Finance Corporation.

Clemson Advancement Foundation for Design and Building

The Clemson Advancement Foundation for Design and Building (CAFDB) is a separately chartered eleemosynary corporation established to support and enrich the professional programs in the College of Architecture, Arts and Humanities. CAFDB's actions are governed by its Board of Trustees.

The University's financial statements reflect \$685,600 in expenses primarily to reimburse CAFDB for administrative, educational, and facilities expenses incurred at the Charles E. Daniel Center for Building Research and Urban Studies in Genoa, Italy, which is owned by CAFDB, and at the Barcelona facility, which is operated for the University by CAFDB.

NOTE 14. TRANSACTIONS WITH STATE ENTITIES

The University is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the University receives authorization from the General Assembly to carry the funds over to the next year.

The original appropriation is the University's base budget amount presented in the General Funds column of Sections 14 and 45 of Part IA of the 2014-15 Appropriation Act. The following is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2015:

State Appropriations

Description	Educational and General	Public Service	Total
Original appropriation	\$ 68,818,369	\$ 32,580,601	\$ 101,398,970
Employer contributions health and dental insurance allocation	736,786	291,049	1,027,835
Nonrecurring Capital Reserve Fund for appropriation for agricultural resources and equipment	—	3,000,000	3,000,000
Appropriation allocations from the State Commission on Higher Education:			
For Academic Endowment Match	28,233	—	28,233
For Clemson Agriculture Education Teachers - teacher recruitment	—	889,758	889,758
Total state appropriations	\$ 69,583,388	\$ 36,761,408	\$ 106,344,796

NOTES TO FINANCIAL STATEMENTS

The University received substantial funding from the Commission on Higher Education (“CHE”) for scholarships on behalf of students that are accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as both operating and nonoperating revenues, depending upon the requirement of deliverables with a current or potential future economic value. The University also receives State funds from various other State agencies for sponsored research and public service projects. Following is a summary of amounts received from State agencies for scholarships, sponsored research, capital and public service projects for the fiscal year ended June 30, 2015:

Other Amounts Recognized from State Agencies

Description	Operating Revenues	Nonoperating Revenues	Capital and Endowment Proceeds	Total
Received from the Commission on Higher Education (CHE):				
LIFE Scholarships	\$ 26,211,709	\$ —	\$ —	\$ 26,211,709
Palmetto Scholarships	22,957,656	—	—	22,957,656
Need-Based Grants	1,871,457	—	—	1,871,457
HOPE Scholarships	72,800	—	—	72,800
Received from the Department of Education - STEM	1,750,000	—	—	1,750,000
Received from the Department of Education - Other	990,013	—	—	990,013
Received from various other state agencies	2,963,226	—	—	2,963,226
Received from agencies outside South Carolina	535,001	—	—	535,001
Higher education efficiency, effectiveness and accountability review (Proviso 118.16)	—	596,066	—	596,066
Main campus electrical infrastructure maintenance and improvement (Proviso 118.16)	—	—	1,118,674	1,118,674
State lottery funding for critical equipment repair and replacement	—	—	825,209	825,209
Research infrastructure bond proceeds	—	—	2,437,243	2,437,243
Capital reserve fund proceeds	—	—	75,748	75,748
Total other amounts recognized from state agencies	\$ 57,351,862	\$ 596,066	\$ 4,456,874	\$ 62,404,802

The University provided no significant services free of charge to any State agency during the fiscal year; however, the University did provide computer services and information systems development for a fee to other State agencies during the fiscal year. Total fees received were \$32,650,868, comprised of \$11,855,506 in fees for computer services classified as other operating revenues, and \$20,795,362 in information and systems development fees classified as sales and services of auxiliary enterprises.

Also, the University collected and remitted \$8,531 in pesticide penalties and other fees to the State General Fund.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and grants services from the Governor's Office.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

The University had financial transactions with various State agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans employee and employer contributions, insurance coverage, office supplies, and interagency mail. Significant payments were also made for unemployment and workers' compensation coverage for

employees to the Employment Security Commission and State Accident Fund. The amounts of 2015 expenditures applicable to related transactions with state entities are not readily available.

NOTE 15. RISK MANAGEMENT

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded this coverage in any of the past three years. The University pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits.

State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

- (1) Claims of State employees for unemployment compensation benefits (Employment Security Commission);

NOTES TO FINANCIAL STATEMENTS

- (2) Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund);
- (3) Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
- (4) Claims of covered public employees for long-term disability and group-life insurance benefits (Office of Insurance Services).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums are remitted to commercial carriers.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following University assets, activities, and/or events:

- (1) Theft of, damage to, or destruction of assets;
- (2) Real property, its contents, and other equipment;
- (3) Motor vehicles, aircraft, and watercraft (inland marine);
- (4) Torts;
- (5) Business interruptions;
- (6) Natural disasters; and
- (7) Medical malpractice claims against covered infirmaries and employees.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. Also, the IRF purchases reinsurance for catastrophic property and medical professional liability insurance. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF purchases insurance for aircraft and ocean marine coverage. The IRF's rates are determined actuarially.

State agencies and other entities are the primary participants in the State's Health and Disability Insurance Fund and in the IRF.

The University obtains coverage through commercial insurers for employee fidelity bond insurance. All employees are covered for \$1,000,000 for Commercial Crime. This coverage includes the following:

- (1) Blanket employee dishonesty;
- (2) Forgery/alterations;
- (3) Theft, disappearance of money and security; and
- (4) Computer fraud

In addition, the Vice President for Finance and Operations is covered for \$250,000 under a specific public official bond. The Clemson University Vice President for Finance

and Operations, Clemson University Controller, Clemson University Foundation President/CEO, Clemson University Foundation CFO, Clemson University Foundation Senior Financial Analyst and Project Manager and Manager for Cash & Treasury Services are each covered under a \$2,000,000 bond.

The University has recorded insurance premium expenses and expenses for deductibles in applicable functional expense categories.

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, and policy limits for all coverage to a State or commercial insurer. The University has not reported an estimated claims loss expenditure, and the related liability at June 30, 2015, based on the requirements of GASB Statement's No. 10 and No. 30, which state that a liability for claims must be reported only if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2015, and the amount of the loss is reasonably estimable.

In management's opinion, claims losses in excess of insurance coverage are unlikely and, if incurred, would be insignificant to the University's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded at year-end. Therefore no loss accrual has been recorded.

NOTE 16. CONTINGENCIES AND LITIGATION

The University is involved in a number of legal proceedings and claims with various parties which arose in the normal course of business and cover a wide range of matters. Because, in the opinion of management and counsel, the risk of material loss in excess of insurance coverage for these items is remote, the outcome of the legal proceedings and claims is not expected to have a material effect on the financial position of the University. Therefore, an estimated liability has not been recorded.

The various federal programs administered by the University for fiscal year 2015 and prior years are subject to examination by the federal grantor agencies. At the present time, amounts, if any, which may be due federal grantors have not been determined but the University believes that any such amounts in the aggregate would not have a material adverse effect on the financial position of the University. Therefore, an estimated loss has not been recorded.

The University was notified of a legal (condemnation) action by a division of the SC Commerce Department concerning land at the site of the Clemson University Restoration Institute (CURI) in North Charleston. The Charleston County School District (CCSD) has filed an action against Clemson University, the city of North Charleston and the Commerce Department claiming rights to a portion of the condemned land, or any proceeds from the condemnation action related to the portion. The CCSD claims and the original

NOTES TO FINANCIAL STATEMENTS

condemnation action were referred to a Special Referee that held a trial in late 2014. No decision has been issued as of this report. Once a decision is issued, an appeal or further action by the Court is possible. It is expected the Special Referee decision will be issued during 2015, and the matter finally resolved in the Circuit Court in 2016. It is unknown what time would be necessary for any appeal. Pending a resolution of this

matter, the title to the property remains in Clemson University. However, Clemson University has, pursuant to a request of the Department of Commerce, executed a Consent of Possession in favor of the Department and, while it retains legal title, it no longer has possession or control of the property, including the portion claimed by the CCSD.

NOTE 17. OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2015 are summarized as follows:

Operating Expenses by Function						
Description	Compensation and Employee Benefits	Services and Supplies	Utilities	Depreciation	Scholarships and Fellowships	Total
Instruction	\$ 191,934,432	\$ 34,203,003	\$ 960,216	\$ —	\$ 384,938	\$ 227,482,589
Research	91,144,255	45,401,127	1,581,398	—	1,271,905	139,398,685
Public Service	42,493,746	21,686,239	1,601,335	—	32,409	65,813,729
Academic Support	37,027,139	9,168,157	1,437,563	—	—	47,632,859
Student Services	23,827,678	13,142,188	340,066	—	35,082	37,345,014
Institutional Support	31,096,984	10,987,118	303,522	—	350	42,387,974
Operation and Maintenance of Plant	14,739,053	54,715,122	7,702,348	—	—	77,156,523
Scholarships and Fellowships	19,304	68,940	—	—	23,684,786	23,773,030
Auxiliary Services	46,708,822	73,583,533	5,856,814	—	1,150	126,150,319
Depreciation	—	—	—	49,316,424	—	49,316,424
Total Operating Expenses by Function	\$ 478,991,413	\$ 262,955,427	\$ 19,783,262	\$ 49,316,424	\$ 25,410,620	\$ 836,457,146

NOTE 18. DONOR-RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expense the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

In accordance with the spending policy adopted by the Clemson University Board of Trustees in 1998, endowment-derived program expenses are based on the endowment carrying value from the previous year at a percentage set by the Board. For fiscal year 2015, this rate was 4.0%. At June 30, 2015, net appreciation gains of \$14,927,804 were recorded, and were reported in the Statement of Net Position as unrestricted.

NOTE 19. DETAILS OF RESTRICTED ASSETS

The purposes and amounts of Restricted Assets are as follows:

Details of Restricted Assets	
Description	Amount
Current:	
Cash and cash equivalents:	
As specified by sponsors/donors	\$ 31,408,459
University administered loans	277,760
Payment of maturing debt	8,557,506
Bond proceeds and other amounts restricted for capital projects	279,016,445
Funds held for others	418,860
Total of current restricted assets	\$ 319,679,030
Noncurrent:	
Cash and cash equivalents:	
Endowments	\$ 17,362,862
Federal Perkins Loan Program	1,017,567
Total of noncurrent restricted cash and cash equivalents	\$ 18,380,429
Student Loans Receivable:	
Total Federal Perkins Loan Program	\$ 8,323,293

NOTE 20. COMPONENT UNITS

Clemson University Foundation

The Clemson University Foundation (CUF) is a separately chartered corporation organized exclusively to promote the development and welfare of Clemson University in its educational and scientific purposes.

As discussed in Note 1, CUF has been included in the reporting entity as a component unit. Because CUF is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

CUF transfers funds earmarked from private contributions to the University to support University scholarship, fellowship, professorship, and research programs and to reimburse the University for any purchases made by CUF. These transfers for fiscal year 2015 were recorded by the University as nonoperating gift revenues totaling \$17,894,305. CUF also reimbursed the University \$946,903 for salaries for time devoted by University employees to CUF and to fund other University initiatives.

CUF has two operating leases with the University and paid a total of \$140,165 for office space during fiscal year 2015. Equipment donated by CUF to the University totaled \$6,292 and was recorded as capital grants and gifts in the Statement of Revenues, Expenses and Changes in Net Position. Also recorded as capital grants and gifts upon receipt were CUF donations totaling \$1,164,062 for University building projects. As of June 30, 2015, CUF had remaining commitments of approximately \$8,914,546 for University building projects.

As referenced in Note 3, a 1999 amendment to the South

Carolina Code of Laws allowed state-supported universities to lend endowment balances on deposit with the State Treasurer to entities (like CUF) whose existence is primarily providing financial assistance and other support to the institution and its educational program. At fiscal year end, the amount loaned, including income and appreciation, totaled \$180,001,069.

CUF charges an annual fee of 1.25 percent for managing the University's endowments. For the fiscal year ending June 30, 2015, the management fee was \$2,154,840, net of current year income, gains and appreciation losses of \$6,614,864. At fiscal year-end, \$538,710 in accounts payable was due to CUF.

CUF investment securities and donated negotiable assets are stated at fair value as determined by quoted market prices. Real estate investments are stated primarily at the current appraised value.

CUF investment income, net of external and internal management expenses and fees, and gains and losses arising from the sale or other disposition of investments and other noncash assets is distributed to the various endowments using a pooled income approach. This approach distributes income following the market value unit method, which is based on the number of units each fund owns in the managed investment pool.

CUF Endowment and board-designated funds are invested on the basis of a total return policy to provide income and to realize appreciation in investment values. Under this policy, earnings, not to exceed a specified percentage, could be used to support the intended purposes. Any such earnings used to support the intended purposes are allocated only from those funds which have a market value in excess of historical value.

NOTES TO FINANCIAL STATEMENTS

A summary of investments at fair value at June 30, 2015 follows:

Investments	
Description	Amount
Money market funds	\$ 23,039,665
Treasury/agency	28,265,694
Mortgage backed securities	7,760,626
Corporate bonds	8,117,035
International bonds	881,952
U.S. Equities	267,745,769
Global equities	111,797,394
Commodities	10,003,192
Hedge funds	97,255,433
Private equity	29,628,559
Private real assets	9,079,868
Public real assets	1,177,986
Other	1,876,157
Subtotal - marketable investments	596,629,330
Subordinated note receivable from Clemson University Real Estate Foundation, Inc.	20,000,000
Total Investments	\$ 616,629,330

Clemson University Research Foundation

The Clemson University Research Foundation (CURF) is a separately chartered corporation established to solicit research grants and contracts, then contract the University to perform the research. CURF's activities are governed by its Board of Directors.

As discussed in Note 1, CURF has been included in the reporting entity as a component unit and is discretely presented in the financial statements.

The University performs research and development under performance agreements for CURF, and receives payment for all direct and indirect costs which are incurred in accordance with the terms of the performance agreements. Revenues totaling \$1,818,608 from CURF were recorded by the University in the Statement of Revenues, Expenditures and Changes in Net Position as operating nongovernmental grants and contracts. Grants and contracts receivable in the Statement of Net Position include \$551,598 due from CURF at June 30, 2015.

The University remitted \$446,657 to CURF per the operating agreement between the two entities and remitted \$321,231 in operating lease payments to CURF for office space. CURF reimbursed the University \$125,426 for salaries for time devoted by University employees to CURF.

Clemson University Land Stewardship Foundation

The Clemson University Land Stewardship Foundation (CULSF) is a separately chartered corporation established to serve the needs of Clemson University in the management, development, and investment of real property and related assets. CULSF's activities are governed by its Board of Directors.

As discussed in Note 1, CULSF has been included in the reporting entity as a component unit. Because CULSF is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

The University leases and utilizes several facilities owned and operated by CULSF at the Greenville, CU-ICAR campus. In addition, the University entered into a capital lease with CULSF for space in the Greenville One Building in downtown Greenville. For the fiscal year ending June 30, 2015, \$356,768 was paid by the University to CULSF for common area maintenance costs and \$336,481 for operating leases at the CU-ICAR campus. Capital lease-related principal, interest, and operating expense payments totaling \$1,062,654 were paid to CULSF for the Greenville One building. During the fiscal year, previously estimated operating costs were adjusted resulting in a \$559,872 refund to the University for the Greenville One building.

CULSF reimbursed the University \$185,496 for salaries for time devoted by University employees to CULSF.

IPTAY

IPTAY is a separately chartered corporation established exclusively to support University athletics. IPTAY's activities are governed by its Board of Directors.

As discussed in Note 1, IPTAY has been included in the reporting entity as a component unit. Because IPTAY is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements.

In the fiscal year beginning July 1, 2014, IPTAY began operating as an independent entity. Previously, although recognized as a tax-exempt organization by the Internal Revenue Service, all IPTAY receipts were deposited through the University into State Treasurer bank accounts and related disbursements were also made from these accounts. Amounts on deposit in State Treasurer bank accounts will remain until expended for qualifying athletic scholarships, capital, and operating purposes. Amounts included in University Net Position at June 30, 2015 include \$31,435,690 for scholarships and \$5,482,652 for capital projects. During the fiscal year ended June 30, 2015, IPTAY contributed \$170,775 to the University for improvements to the golf practice facility. At fiscal year-end, \$1,854,309 in accounts payable was due to IPTAY for premium seat revenue collected by the University.

NOTE 21. NEW ACCOUNTING PRONOUNCEMENT

Effective for the fiscal year ending June 30, 2015, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27.

This Statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements. The State of South Carolina's pension plans are administered by the South Carolina Public Employee Benefit Authority (PEBA). The Statement required the University to restate its

NOTES TO FINANCIAL STATEMENTS

financial statements to recognize its proportionate share of the plan's net pension liability, record deferred outflows and inflows of resources for changes in the net pension liability, and report pension expense based on an actuarial valuation rather than actual contributions. Details of the adoption of GASB No. 68 are described in Note 8 Pension Plans.

The following is a summary of the restatement for adoption of GASB No. 68 recorded during fiscal year 2015:

Description	June 30, 2014 as originally stated	Net Pension Liability	June 30, 2014 as restated
Net investment in capital assets	\$ 639,236,201		\$ 639,236,201
Restricted for nonexpendable purposes:			
Scholarships and Fellowships	58,240,694		58,240,694
Restricted for expendable purposes:			
Scholarships and Fellowships	37,857,863		37,857,863
Research	1,396,051		1,396,051
Instructional/departmental use	25,712,495		25,712,495
Loans	1,920,003		1,920,003
Capital projects	111,244,340		111,244,340
Debt service	6,697,491		6,697,491
Unrestricted	274,119,472	(446,623,196)	(172,503,724)
Total net position	\$ 1,156,424,610		\$ 709,801,414

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY

South Carolina Retirement System (SCRS)	2015	2014
University's proportionate share of the net pension liability	2.601067%	2.601067%
University's proportionate share of the net pension liability	\$ 447,817,506	\$ 441,495,608
University's covered employee payroll during the measurement period	\$ 169,946,061	\$ 167,734,783
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	263.51%	263.21%
Plan fiduciary net position as a percentage of the total pension liability	59.92%	56.39%

Police Officers Retirement System (PORS)	2015	2014
University's proportionate share of the net pension liability	0.26743%	0.26743%
University's proportionate share of the net pension liability	\$ 5,119,733	\$ 5,127,588
University's covered employee payroll during the measurement period	\$ 3,226,073	\$ 2,973,675
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	158.70%	172.43%
Plan fiduciary net position as a percentage of the total pension liability	67.55%	62.98%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF UNIVERSITY CONTRIBUTIONS

South Carolina Retirement System (SCRS)

For the Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contribution Deficiency (excess)	University's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 27,147,096	\$ 27,147,096	\$ —	\$ 175,905,408	14.43%
2014	25,031,158	25,031,158	—	169,946,061	14.73%
2013	24,089,283	24,089,283	—	167,734,783	14.36%
2012	19,221,300	19,221,300	—	156,620,370	12.27%
2011	18,869,713	18,869,713	—	156,495,056	12.06%
2010	19,245,843	19,245,843	—	160,692,060	11.98%
2009	19,549,484	19,549,484	—	163,263,025	11.97%
2008	19,163,400	19,163,400	—	166,239,449	11.53%
2007	23,512,050	23,512,050	—	157,691,542	14.91%
2006	21,637,814	21,637,814	—	160,942,979	13.44%

Police Officers Retirement System (PORS)

For the Year	Statutorily Required Contribution	Contributions Recognized by the Plan	Contribution Deficiency (excess)	University's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 441,480	\$ 441,480	\$ —	\$ 3,358,977	13.11%
2014	412,997	412,997	—	3,226,073	12.80%
2013	364,346	364,346	—	2,973,675	12.25%
2012	275,212	275,212	—	2,343,277	11.74%
2011	247,568	247,568	—	2,143,665	11.55%
2010	242,692	242,692	—	2,193,276	11.07%
2009	253,222	253,222	—	2,292,453	11.05%
2008	251,269	251,269	—	2,338,698	10.74%
2007	301,212	301,212	—	2,149,958	14.01%
2006	307,234	307,234	—	2,203,999	13.94%



Statistical Section
(unaudited)

Statistical Section

This section of the Comprehensive Annual Financial Report provides additional information as a context for understanding what the information in the financial statements and note disclosures says about the University's and the State of South Carolina's overall financial health.

Contents	Page
Financial Trends	72
These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.	
Debt Capacity	77
These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.	
Operating Information	80
These schedules contain service and capital asset data to help the reader understand how the information in the University's financial report relates to the services the University provides and the activities it performs.	
Demographic and Economic Information	86
These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and the State's financial activities take place.	

SCHEDULE OF REVENUES BY SOURCE

	For the Year Ended June 30, (amounts expressed in thousands)									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 316,893	\$ 300,711	\$ 288,778	\$ 269,671	\$ 252,924	\$ 223,036	\$ 205,488	\$ 188,530	\$ 176,240	\$ 166,912
Federal grants and contracts	63,540	62,079	64,467	63,962	65,045	63,792	59,205	56,165	52,318	54,641
State grants and contracts	57,352	53,189	51,377	46,868	50,679	48,683	47,248	43,414	35,947	36,181
Local grants and contracts	882	1,640	796	690	757	959	872	799	851	1,311
Nongovernmental grants and contracts	11,223	11,174	9,446	8,226	6,913	8,727	11,700	11,177	11,138	9,435
Sales and services of educational and other activities	20,104	18,778	17,203	15,845	15,843	15,917	16,543	16,268	14,027	14,351
Sales and services of auxiliary enterprises (net of scholarship)	129,119	121,927	114,618	106,181	95,096	89,129	86,282	79,159	77,359	71,774
Other operating revenues	38,322	34,840	31,372	27,771	27,396	28,851	21,671	25,013	19,206	16,438
Total operating revenues	<u>637,435</u>	<u>604,338</u>	<u>578,057</u>	<u>539,214</u>	<u>514,653</u>	<u>479,094</u>	<u>449,009</u>	<u>420,525</u>	<u>387,086</u>	<u>371,043</u>
State appropriations	106,345	99,591	92,784	88,780	91,917	114,120	128,279	167,224	150,335	134,678
Federal appropriations	11,338	10,566	10,948	11,507	11,744	11,269	12,317	14,186	9,667	11,338
Gifts and grants	33,586	62,951	56,403	59,126	68,797	59,473	46,872	44,466	39,298	36,329
Interest income	670	3,077	1,073	6,948	7,752	12,408	10,029	8,462	6,585	3,340
Endowment income	4,086	23,664	14,744	(1,114)	22,236	10,085	(20,283)	(7,046)	16,003	7,804
Other nonoperating revenues	340	648	310	1,271	502	3,192	1,944	1,389	753	483
Proceeds from the sale of capital assets	188	376	458	636	137	57	715	0	20,061	0
Total nonoperating revenues	<u>156,553</u>	<u>200,873</u>	<u>176,720</u>	<u>167,154</u>	<u>203,085</u>	<u>210,604</u>	<u>179,873</u>	<u>228,681</u>	<u>242,702</u>	<u>193,972</u>
Total revenues	<u>\$ 793,988</u>	<u>\$ 805,211</u>	<u>\$ 754,777</u>	<u>\$ 706,368</u>	<u>\$ 717,738</u>	<u>\$ 689,698</u>	<u>\$ 628,882</u>	<u>\$ 649,206</u>	<u>\$ 629,788</u>	<u>\$ 565,015</u>

For the Year Ended June 30, (percent of total revenues)										
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Revenues:										
Student tuition and fees (net of scholarship allowances)	40.0%	37.4%	38.2%	38.2%	35.2%	32.3%	32.7%	29.0%	28.0%	29.5%
Federal grants and contracts	8.0%	7.7%	8.5%	9.1%	9.1%	9.2%	9.4%	8.7%	8.3%	9.8%
State grants and contracts	7.2%	6.6%	6.8%	6.6%	7.1%	7.1%	7.5%	6.7%	5.7%	6.4%
Local grants and contracts	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Nongovernmental grants and contracts	1.4%	1.4%	1.3%	1.2%	1.0%	1.3%	1.9%	1.7%	1.8%	1.7%
Sales and services of educational and other activities	2.5%	2.3%	2.3%	2.2%	2.2%	2.3%	2.6%	2.5%	2.2%	2.5%
Sales and services of auxiliary enterprises (net of scholarship allowances)	16.3%	15.1%	15.2%	15.0%	13.2%	12.9%	13.7%	12.2%	12.4%	12.7%
Other operating revenues	4.8%	4.3%	4.2%	3.9%	3.8%	4.2%	3.4%	3.9%	3.0%	2.9%
Total operating revenues	80.3%	75.0%	76.6%	76.3%	71.7%	69.4%	71.3%	64.8%	61.5%	65.7%
State appropriations	13.5%	12.5%	12.3%	12.6%	12.8%	16.5%	20.4%	25.8%	23.9%	23.8%
Federal appropriations	1.4%	1.3%	1.5%	1.6%	1.6%	1.6%	2.0%	2.2%	1.5%	2.1%
Gifts and grants	4.2%	7.8%	7.4%	8.4%	9.6%	8.6%	7.5%	6.8%	6.3%	6.3%
Interest income	0.1%	0.4%	0.1%	1.0%	1.1%	1.8%	1.6%	1.3%	1.0%	0.6%
Endowment income	0.5%	2.9%	2.0%	(0.2)%	3.1%	1.5%	(3.2)%	(1.1)%	2.5%	1.4%
Other nonoperating revenues	0.0%	0.1%	0.0%	0.2%	0.1%	0.5%	0.3%	0.2%	0.1%	0.1%
Proceeds from the sale capital assets	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%	3.2%	0.0%
Total nonoperating revenues	19.7%	25.0%	23.4%	23.7%	28.3%	30.6%	28.7%	35.2%	38.5%	34.3%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY USE

For the Year ended June 30, (amounts expressed in thousands)										
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Expenses:										
Compensation and employee benefits	\$ 478,991	\$ 444,913	\$ 419,665	\$ 384,703	\$ 382,789	\$ 385,519	\$ 394,708	\$ 402,601	\$ 366,732	\$ 341,740
Services and supplies	262,955	243,893	219,962	198,747	182,049	174,958	158,556	174,642	148,409	140,594
Utilities	19,783	20,344	17,961	16,946	17,013	17,733	19,376	17,951	16,483	13,884
Depreciation	49,316	42,974	32,715	37,162	35,009	35,164	33,364	32,697	29,946	25,829
Scholarships and fellowships	25,411	23,846	26,380	20,942	23,402	9,175	13,382	10,845	6,794	6,319
Total operating expenses	836,456	775,970	716,683	658,500	640,262	622,549	619,386	638,736	568,364	528,366
Interest on capital asset related debt	7,341	5,512	5,875	5,799	6,034	5,799	6,637	7,196	7,211	7,014
Loss on disposal of capital assets	4,343	(1,200)	254	2,255	791	464	802	443	744	686
Refunds to grantors	137	178	515	381	296	95	213	386	697	182
Facilities and administrative remittances to the State	375	413	339	386	450	185	608	710	644	347
Total nonoperating expenses	12,196	4,903	6,983	8,821	7,571	6,543	8,260	8,735	9,296	8,229
Total expenses	\$ 848,652	\$ 780,873	\$ 723,666	\$ 667,321	\$ 647,833	\$ 629,092	\$ 627,646	\$ 647,471	\$ 577,660	\$ 536,595

For the Year Ended June 30, (percent of total expenses)										
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Expenses:										
Compensation and employee benefits	56.5%	57.0%	58.0%	57.6%	59.2%	61.3%	62.9%	62.2%	63.5%	63.7%
Services and supplies	31.0%	31.2%	30.4%	29.8%	28.1%	27.8%	25.3%	27.0%	25.7%	26.2%
Utilities	2.3%	2.6%	2.5%	2.5%	2.6%	2.8%	3.1%	2.8%	2.9%	2.6%
Depreciation	5.8%	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%	5.2%	4.8%
Scholarships and fellowships	3.0%	3.1%	3.7%	3.1%	3.6%	1.5%	2.1%	1.6%	1.2%	1.2%
Total operating expenses	98.6%	99.4%	99.1%	98.6%	98.9%	99.0%	98.7%	98.6%	98.5%	98.5%
Interest on capital asset related debt	0.9%	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%	1.2%	1.3%
Loss on disposal of capital assets	0.5%	-0.2%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
Facilities and administrative remittances to the State	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Total nonoperating expenses	1.4%	0.6%	0.9%	1.4%	1.1%	1.0%	1.3%	1.4%	1.5%	1.5%
Total expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF EXPENSES BY FUNCTION

	For the Year Ended June 30, (amounts expressed in thousands)									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Expenses:										
Instruction	\$ 227,482	\$ 216,977	\$ 201,731	\$ 181,146	\$ 178,644	\$ 175,249	\$ 173,423	\$ 176,165	\$ 159,318	\$ 144,342
Research	139,399	133,562	130,787	123,594	124,837	126,972	125,623	127,427	112,141	106,608
Public service	65,814	63,542	59,837	57,890	59,083	62,390	68,508	72,649	60,951	56,912
Academic support	47,633	42,231	38,926	36,715	35,321	37,181	35,775	38,647	43,104	38,200
Student services	37,345	35,578	26,694	24,685	27,282	25,316	25,189	27,150	23,607	20,899
Institutional support	42,388	38,019	34,640	28,925	25,490	26,389	27,843	31,951	27,039	24,261
Operation and maintenance of plant	77,156	64,116	62,754	47,505	42,905	37,435	35,869	48,826	36,811	39,057
Scholarships and fellowships	23,773	22,115	25,179	19,503	22,143	8,124	12,488	10,006	6,165	5,956
Auxiliary enterprises	126,150	116,856	103,420	101,375	89,548	88,329	81,304	73,218	69,282	66,302
Depreciation	49,316	42,974	32,715	37,162	35,009	35,164	33,364	32,697	29,946	25,829
Interest on capital debt	7,341	5,512	5,875	5,799	6,034	5,799	6,637	7,196	7,211	7,014
Loss on disposal of capital assets	4,343	-1,200	254	2,255	791	464	802	443	744	686
Refunds to grantors	137	178	515	381	296	95	213	386	697	182
Facilities and administrative remittances to the State	375	413	339	386	450	185	608	710	644	347
Total expenses	\$ 848,652	\$ 780,873	\$ 723,666	\$ 667,321	\$ 647,833	\$ 629,092	\$ 627,646	\$ 647,471	\$ 577,660	\$ 536,595

	For the Year Ended June 30, (percent of total expenses)									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Expenses:										
Instruction	26.8%	27.8%	27.8%	27.1%	27.7%	27.9%	27.7%	27.2%	27.5%	26.9%
Research	16.4%	17.1%	18.1%	18.5%	19.3%	20.2%	20.0%	19.7%	19.4%	19.9%
Public service	7.8%	8.1%	8.3%	8.7%	9.1%	9.9%	10.9%	11.2%	10.6%	10.6%
Academic support	5.6%	5.4%	5.4%	5.5%	5.5%	5.9%	5.7%	6.0%	7.5%	7.1%
Student services	4.4%	4.6%	3.7%	3.7%	4.2%	4.0%	4.0%	4.2%	4.1%	3.9%
Institutional support	5.0%	4.9%	4.8%	4.3%	3.9%	4.2%	4.4%	4.9%	4.7%	4.5%
Operation and maintenance of plant	9.1%	8.2%	8.7%	7.1%	6.6%	6.0%	5.7%	7.5%	6.4%	7.3%
Scholarships and fellowships	2.8%	2.8%	3.5%	2.9%	3.4%	1.3%	2.0%	1.6%	1.1%	1.1%
Auxiliary enterprises	14.9%	15.0%	14.3%	15.2%	13.8%	14.0%	13.0%	11.3%	12.0%	12.4%
Depreciation	5.8%	5.5%	4.5%	5.6%	5.4%	5.6%	5.3%	5.0%	5.2%	4.8%
Interest on capital debt	0.9%	0.7%	0.8%	0.9%	0.9%	0.9%	1.1%	1.1%	1.2%	1.3%
Loss on disposal of capital assets	0.5%	(0.2)%	0.0%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Refunds to grantors	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
Facilities and administrative remittances to State	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Fiscal Year (amounts expressed in thousands)									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Total revenues (from schedule of revenues by source)	\$ 793,988	\$ 805,211	\$ 754,777	\$ 706,368	\$ 717,738	\$ 689,698	\$ 628,882	\$ 649,206	\$ 629,788	\$ 565,015
Total expenses (from schedule of expenses by use and function)	(848,652)	(1,227,496)	(723,666)	(667,321)	(647,833)	(629,092)	(627,646)	(647,471)	(577,660)	(536,595)
Income before other revenues, expenses, gains or losses	(54,664)	(422,285)	31,111	39,047	69,905	60,606	1,236	1,735	52,128	28,420
State capital appropriations	4,457	9,397	9,612	9,468	6,643	3,736	6,986	19,501	44,149	19,938
Capital grants and gifts	6,448	6,198	21,945	28,350	38,376	31,148	13,059	3,998	25,563	2,727
Additions to permanent endowments	209	123	2,710	4,259	2,765	11,846	2,491	5,898	1,839	7,508
Total changes in net position	(43,550)	(406,567)	65,378	81,124	117,689	107,336	23,772	31,132	123,679	58,593
Net position, beginning	709,802	1,116,369	1,050,991	969,867	852,178	744,842	721,070	689,938	566,259	507,666
Net position, ending	\$ 666,252	\$ 709,802	\$ 1,116,369	\$ 1,050,991	\$ 969,867	\$ 852,178	\$ 744,842	\$ 721,070	\$ 689,938	\$ 566,259
Net investment in capital assets	\$ 680,331	\$ 639,236	\$ 604,854	\$ 535,281	\$ 462,861	\$ 483,924	\$ 456,106	\$ 429,669	\$ 390,891	\$ 315,987
Restricted - expendable	126,834	184,828	192,765	201,484	221,593	147,714	127,686	104,065	83,801	61,853
Restricted - nonexpendable	58,323	58,241	57,880	55,045	50,959	47,853	35,785	33,916	28,291	26,184
Unrestricted	(199,236)	(172,503)	260,870	259,181	234,454	172,687	125,265	153,420	186,955	162,235
Total	\$ 666,252	\$ 709,802	\$ 1,116,369	\$ 1,050,991	\$ 969,867	\$ 852,178	\$ 744,842	\$ 721,070	\$ 689,938	\$ 566,259

Source: Clemson University Comprehensive Annual Financial Reports.

SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	For the Fiscal Year (amounts expressed in thousands except for outstanding debt per student)									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
General Obligation Bonds	\$ 110,615	\$ 116,770	\$ 88,420	\$ 93,075	\$ 99,610	\$ 41,550	\$ 45,685	\$ 49,660	\$ 53,475	\$ 43,655
Plant Improvement Bonds	—	—	—	—	—	820	1,610	2,360	3,080	3,770
Revenue Bonds	110,860	26,585	32,350	37,620	42,090	46,900	51,490	55,875	60,060	64,060
Athletic Facilities Revenue Bonds	118,875	22,680	24,150	25,600	30,045	31,770	33,410	34,975	36,465	37,685
Subtotal bonds payable	340,350	166,035	144,920	156,295	171,745	121,040	132,195	142,870	153,080	149,170
Unamortized bond premiums	20,425	9,387	7,145	8,078	4,954	1,301	1,442	1,583	1,725	1,866
Total bonds payable	360,775	175,422	152,065	164,373	176,699	122,341	133,637	144,453	154,805	151,036
Notes Payable	—	—	150	475	964	1,256	1,394	1,876	2,335	2,771
Capital Lease Obligations	13,993	14,963	15,911	—	—	430	873	1,285	1,920	3,143
Total outstanding debt	\$ 374,768	\$ 190,385	\$ 168,126	\$ 164,848	\$ 177,663	\$ 124,027	\$ 135,904	\$ 147,614	\$ 159,060	\$ 156,950
Full-time equivalent students	20,823	20,202	19,800	18,980	18,417	18,237	17,367	16,250	16,226	16,043
Outstanding debt per student	\$ 17,998	\$ 9,424	\$ 8,491	\$ 8,685	\$ 9,647	\$ 6,801	\$ 7,825	\$ 9,084	\$ 9,803	\$ 9,782

Note: Outstanding debt per student calculated using fall semester full-time equivalent student enrollment data for the last ten academic years (page 80).

Source: Clemson University Comprehensive Annual Financial Reports, Clemson University Office of Institutional Research

SCHEDULE OF BOND COVERAGE

Last Ten Fiscal Years
(amounts in thousands)

General Obligation Bonds

Fiscal Year Ended June 30	Tuition and Matriculation Fees	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
			Principal	Interest	Total	
2015	\$ 29,579	\$ 29,579	\$ 6,155	\$ 4,544	\$ 10,699	2.76
2014	27,487	27,487	4,680	3,484	8,164	3.37
2013	24,703	24,703	4,655	3,823	8,478	2.91
2012	22,440	22,440	4,690	3,438	8,128	2.76
2011	21,028	21,028	4,310	2,746	7,056	2.98
2010	20,493	20,493	4,135	1,845	5,980	3.43
2009	19,607	19,607	3,975	2,006	5,981	3.28
2008	15,534	15,534	3,815	2,158	5,973	2.60
2007	11,941	11,941	4,180	1,876	6,056	1.97
2006	8,733	8,733	2,950	1,836	4,786	1.82

~
78
~

Revenue Bonds

Fiscal Year Ended June 30	Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2015	\$ 58,653	\$ 38,667	\$ 19,986	\$ 6,010	\$ 890	\$ 6,900	2.90
2014	56,749	36,310	20,439	5,765	691	6,456	3.17
2013	55,452	35,233	20,219	5,270	1,137	6,407	3.16
2012	50,466	31,636	18,830	5,320	1,968	7,288	2.58
2011	49,363	32,057	17,306	4,810	1,875	6,685	2.59
2010	49,943	32,386	17,557	4,590	2,293	6,883	2.55
2009	44,795	30,226	14,569	4,385	2,816	7,201	2.02
2008	43,043	26,913	16,130	4,185	3,016	7,201	2.24
2007	41,597	26,836	14,761	4,000	3,204	7,204	2.05
2006	39,855	26,706	13,149	3,505	3,233	6,738	1.95

Athletic Facilities Revenue Bonds

Fiscal Year Ended June 30	Athletic Revenues	Athletic Operating Expenses	Net Athletic Revenues	Admissions Fee	Total Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
						Principal	Interest	Total	
2015	\$ 85,185	\$ 77,052	\$ 8,133	\$ 2,046	\$ 10,179	\$ 1,380	\$ 1,616	\$ 2,996	3.40
2014	82,087	72,762	9,325	667	9,992	1,470	802	2,272	4.40
2013	76,099	65,588	10,511	2,031	12,542	1,450	953	2,403	5.22
2012	73,151	66,988	6,163	2,015	8,178	975	1,054	2,029	4.03
2011	56,551	54,441	2,110	1,980	4,090	1,725	1,392	3,117	1.31
2010	53,175	51,474	1,701	1,883	3,584	1,640	1,460	3,100	1.16
2009	57,228	52,751	4,477	1,915	6,392	1,565	1,524	3,089	2.07
2008	55,140	48,455	6,685	2,062	8,747	1,490	1,585	3,075	2.84
2007	51,674	43,364	8,310	2,221	10,531	1,220	1,635	2,855	3.69
2006	42,877	39,059	3,818	2,057	5,875	1,155	1,404	2,559	2.30

Note: The revenue bonds are secured by revenues from five sources: dining services, vending operations, the university bookstore, student housing and parking.

Source: Clemson University Comprehensive Annual Financial Reports

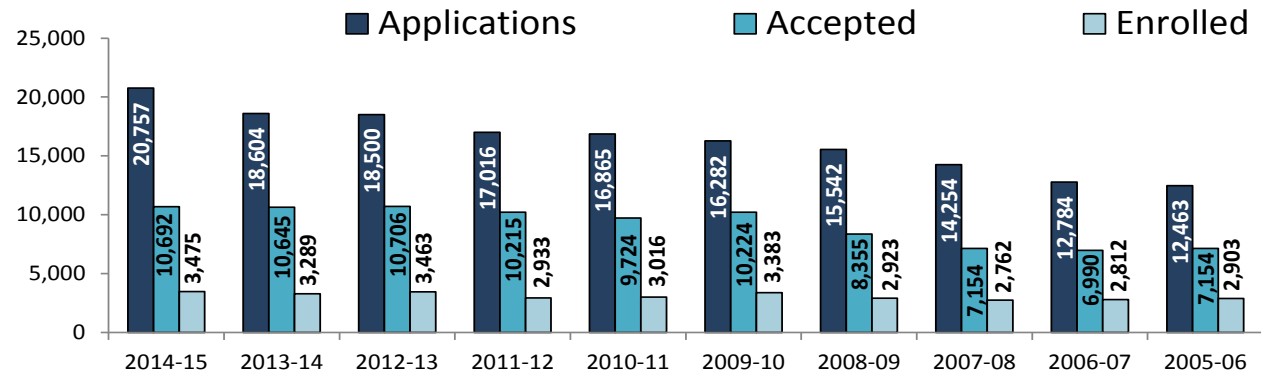
ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

Last Ten Academic Years

Admissions-Freshman

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Accepted as a percentage of applications	51.5%	57.2%	57.9%	60.0%	57.7%	62.8%	53.8%	50.2%	54.7%	57.4%
Enrolled as a percentage of accepted	32.5%	30.9%	32.3%	28.7%	31.0%	33.1%	35.0%	38.6%	40.2%	40.6%
SAT scores-total	1,252	1,246	1,246	1,229	1,231	1,225	1,227	1,221	1,217	1,225
Verbal	611	609	610	599	599	597	597	595	592	600
Math	641	637	636	630	632	628	630	626	625	625
South Carolina average SAT score-total	978	971	969	972	979	982	985	984	985	993

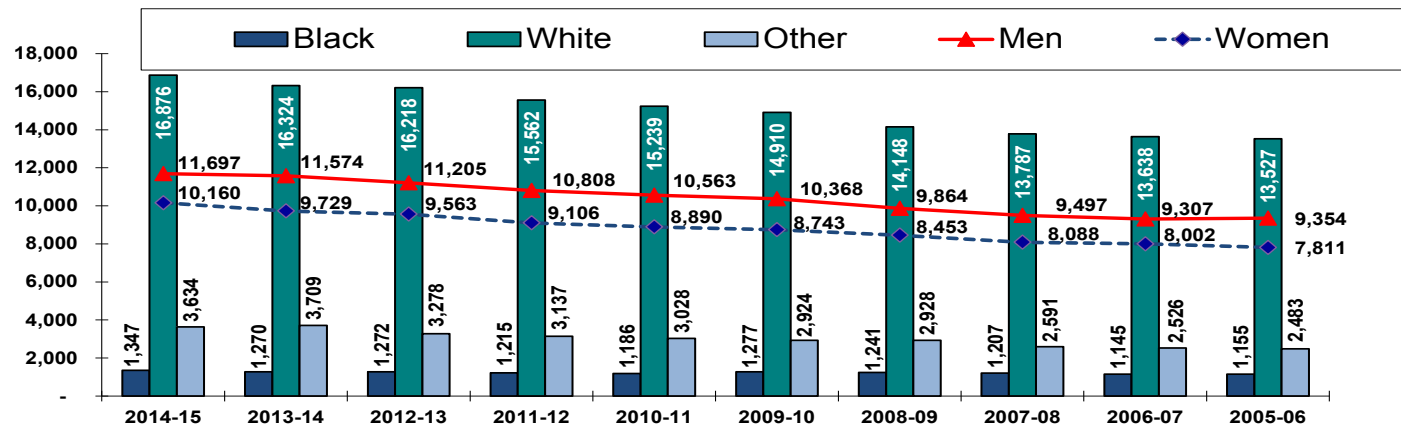
Admissions — Freshman Applied, Accepted and Enrolled



Enrollment

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Undergraduate and graduate FTE	20,823	20,202	19,800	18,980	18,417	18,237	17,367	16,250	16,226	16,043
Undergraduate and graduate headcount	21,857	21,303	20,768	19,914	19,453	19,111	18,317	17,585	17,309	17,165
Percentage of men	53.5%	54.3%	53.9%	54.3%	54.3%	54.2%	53.9%	54.0%	53.8%	54.5%
Percentage of women	46.5%	45.7%	46.1%	45.7%	45.7%	45.8%	46.1%	46.0%	46.2%	45.5%
Percentage of black	6.2%	6.0%	6.1%	6.1%	6.1%	6.7%	6.8%	6.9%	6.6%	6.7%
Percentage of white	77.2%	76.6%	78.1%	78.2%	78.3%	78.0%	77.2%	78.4%	78.8%	78.8%
Percentage of other	16.6%	17.4%	15.8%	15.7%	15.6%	15.3%	16.0%	14.7%	14.6%	14.5%

Enrollment —
Undergraduate
and Graduate
Headcount



Degrees Earned*

Baccalaureate

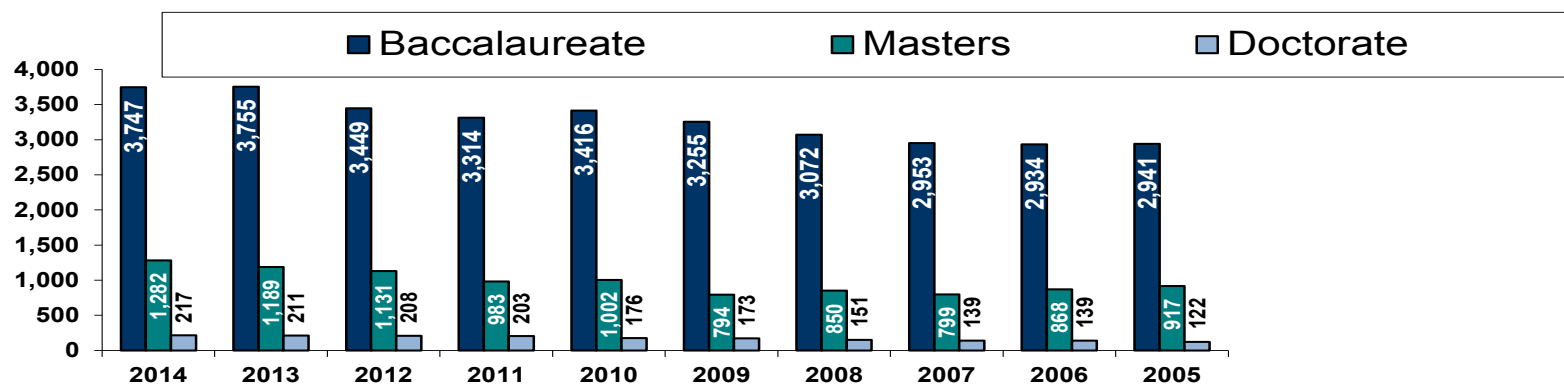
Masters**

Doctorate

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Baccalaureate	3,747	3,755	3,449	3,314	3,416	3,255	3,072	2,953	2,934	2,941
Masters**	1,282	1,189	1,131	983	1,002	794	850	799	868	917
Doctorate	217	211	208	203	176	173	151	139	139	122

* Includes May and August of the current year and December graduation from the previous year.

** Masters awards include specialist degrees.

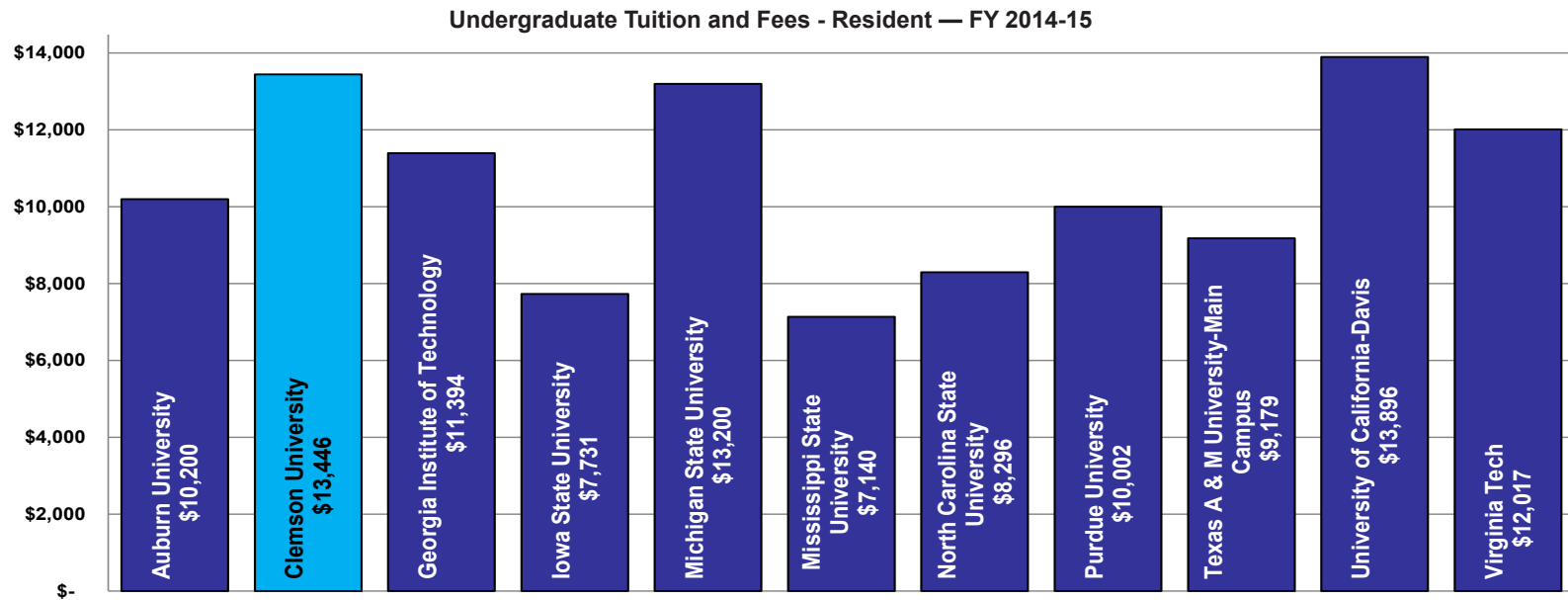


UNDERGRADUATE AVERAGE ANNUAL TUITION AND FEES

Clemson University in Comparison to Ten Peer Land-Grant Institutions

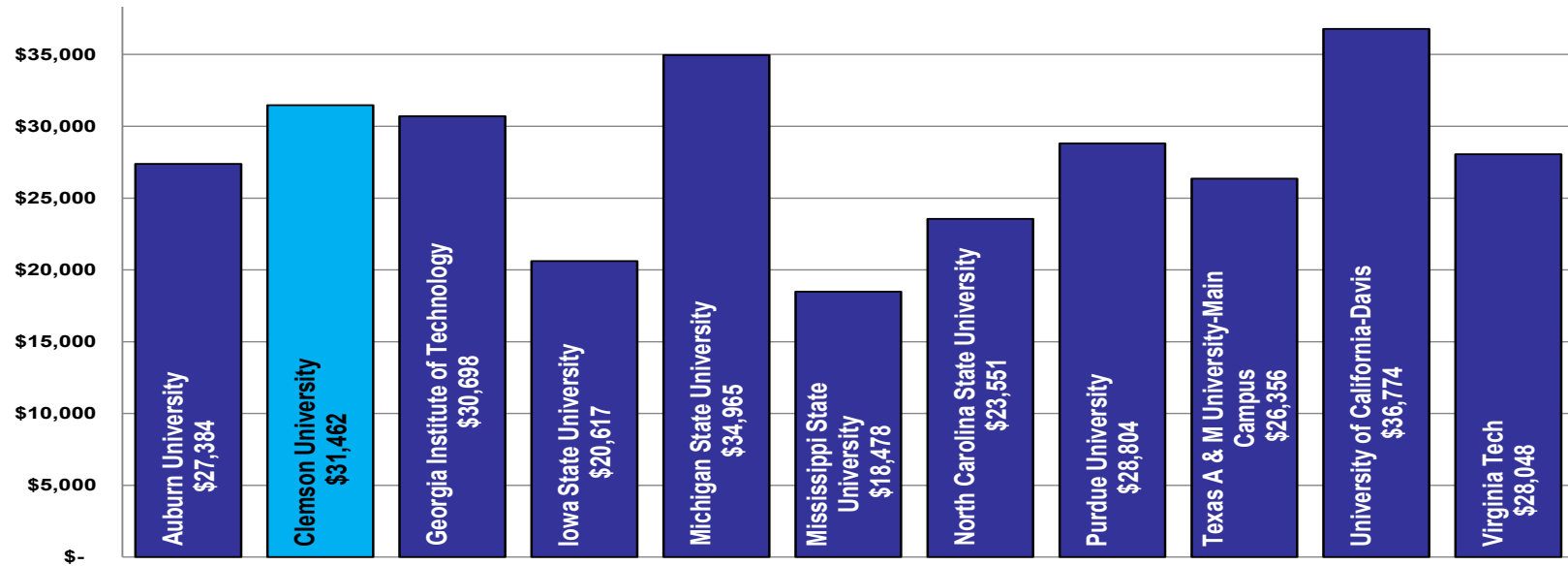
Last ten fiscal years

	For the Fiscal Year									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Institution - Resident										
Auburn University	\$ 10,200	\$ 9,852	\$ 9,446	\$ 8,698	\$ 7,900	\$ 6,972	\$ 6,500	\$ 5,834	\$ 5,496	\$ 5,278
Clemson University	13,446	13,054	12,774	12,404	11,908	11,078	10,379	9,937	9,400	8,816
Georgia Institute of Technology	11,394	10,650	10,098	9,652	8,716	7,506	6,040	5,642	4,926	4,648
Iowa State University	7,731	7,726	7,726	7,486	6,997	6,651	6,360	6,161	6,060	5,634
Michigan State University	13,200	12,863	12,623	12,203	11,153	10,880	10,214	9,640	8,793	7,945
Mississippi State University	7,140	6,772	6,264	5,805	5,461	5,151	5,151	4,929	4,596	4,312
North Carolina State University	8,296	8,206	7,788	7,018	6,529	5,474	5,274	5,117	4,783	4,338
Purdue University	10,002	9,992	9,900	9,478	9,070	8,638	7,750	7,416	7,096	6,458
Texas A & M University - Main Campus	9,179	8,506	8,506	8,421	8,387	8,177	7,844	7,335	6,966	6,399
University of California - Davis	13,896	13,896	15,257	15,123	13,080	10,405	9,497	8,925	8,323	8,129
Virginia Tech	12,017	11,455	10,923	10,509	9,459	8,605	8,198	7,397	6,973	6,378



	For the Fiscal Year									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Institution - Non Resident										
Auburn University	\$ 27,384	\$ 26,364	\$ 22,977	\$ 23,290	\$ 21,916	\$ 19,452	\$ 18,260	\$ 16,334	\$ 15,496	\$ 14,878
Clemson University	31,462	30,488	29,700	28,562	27,420	25,388	23,401	21,867	19,824	18,440
Georgia Institute of Technology	30,698	29,954	29,402	27,862	26,926	25,716	25,182	23,366	20,272	18,990
Iowa State University	20,617	20,278	19,838	19,358	18,563	17,871	17,350	16,919	16,554	15,724
Michigan State University	34,965	33,750	32,580	31,148	29,108	27,343	23,500	23,500	21,438	19,697
Mississippi State University	18,478	16,960	15,828	14,670	13,801	13,021	12,503	11,420	10,552	9,772
North Carolina State Univeristy	23,551	21,661	20,953	19,853	19,064	17,959	17,572	17,315	16,981	16,536
Purdue University	28,804	28,794	28,702	27,646	26,622	25,118	23,224	22,224	21,266	19,824
Texas A & M University - Main Campus	26,356	25,126	25,036	23,811	22,817	22,607	22,184	15,675	15,216	14,679
University of California - Davis	36,774	36,774	38,135	38,001	35,959	33,074	30,105	28,545	27,007	25,949
Virginia Tech	28,048	27,211	25,915	24,480	23,217	21,878	20,825	19,775	19,049	17,837

Undergraduate Tuition and Fees - Non Resident — FY 2014-15



These figures are for undergraduate first-time, full-time students with an academic year of 30 semester hours or 45 quarter hours.

Source: University of Wyoming (oia.uwyo.edu/charges)

FACULTY AND STAFF STATISTICS

Last Ten Fiscal Years

Numbers are Based on the October 1st Freeze Date from the Clemson University Business System
For the Fiscal Year

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Faculty										
Part-time	217	172	196	215	248	238	284	269	274	261
Full-time	1,171	1,157	1,111	1,110	1,150	1,153	1,205	1,205	1,155	1,104
Percentage tenured	45.3%	46.7%	46.7%	43.8%	42.3%	42.7%	40.1%	39.5%	42.1%	46.0%
Staff and administrators with faculty rank										
Part-time	921	856	783	682	668	687	581	506	491	543
Full-time	2,591	2,542	2,475	2,388	2,486	2,657	2,839	2,834	2,738	2,711
Total employees										
Part-time	1,138	1,028	979	897	916	925	865	775	765	804
Full-time	3,762	3,699	3,586	3,498	3,636	3,810	4,044	4,039	3,893	3,815
Students per full-time										
Faculty	18.7	18.4	18.7	17.9	16.9	16.8	15.2	14.6	15.0	15.5
Staff	8.4	8.4	8.4	8.3	7.8	5.0	6.5	6.2	6.3	6.3
Average annual faculty salary*	\$ 91,984	\$ 89,788	\$ 89,474	\$ 80,200	\$ 78,257	\$ 78,038	\$ 77,330	\$ 76,639	\$ 74,045	\$ 72,854

*Full-time, permanent, instructional in Academic departments (AAUP definition)

Note: Full time includes all regular full time employees, and part time includes all part-time and all temporary employees.

Source: Clemson University Office of Institutional Research (www.clemson.edu/oirweb1/fb/factbook/CUfactbook.cgi)

SCHEDULE OF CAPITAL ASSET INFORMATION

Last Ten Fiscal Years

	For the Fiscal Year									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Academic buildings:										
Net assignable square feet (in thousands)	1,370,476	1,427,870	1,391,955	1,292,391	1,286,350	1,675,560	1,310,706	1,169,179	1,032,554	1,030,574
Administrative and support buildings:										
Net assignable square feet (in thousands)	534,617	533,047	570,867	529,590	615,539	731,487	630,397	667,120	802,209	802,492
Laboratories:										
Net assignable square feet (in thousands)	597,540	674,059	604,045	644,171	598,763	986,055	725,166	715,677	711,254	530,723
Auxiliary and independent operations buildings:										
Net assignable square feet (in thousands)	1,644,622	1,719,202	1,726,207	1,618,671	1,527,397	1,674,427	1,637,796	1,782,291	1,782,291	1,781,931
Student housing:										
Residence halls	23	23	23	23	23	23	23	23	23	23
Suites	3	3	3	3	3	3	3	3	3	3
Apartments	4	4	4	4	4	4	4	4	4	4
Units available	6,275	6,248	6,162	6,080	6,074	6,145	6,145	6,198	6,215	6,346
Units in use	6,140	6,113	6,303	5,724	5,845	6,303	5,974	5,923	6,129	6,148
Percent occupancy	97.8%	97.8%	102.3%	94.1%	96.2%	102.6%	97.2%	95.6%	98.6%	96.9%
Dining facilities:										
Locations	17	17	17	17	17	17	16	16	16	15
Average daily customers	18,020	17,746	17,667	17,200	16,277	15,651	14,851	15,024	15,531	14,685
Parking facilities:										
Parking spaces available	12,457	12,303	12,159	12,533	11,939	12,679	12,993	12,839	13,302	13,302
Parking permits issued to students	17,188	16,007	15,547	16,294	15,379	13,292	12,555	15,358	13,086	14,891
Parking permits issued to faculty/staff	5,093	5,069	4,973	4,814	4,983	4,730	4,678	3,898	4,788	5,024

Sources:

Building square footage	Clemson University Office of Institutional Research
Student housing	Clemson University Housing
Dining facilities	Clemson University Business Services
Parking facilities	Clemson University Parking Services

DEMOGRAPHIC STATISTICS

Year	Personal Income as of June 30 (a)	Population at July 1 (b)	Per Capita Income (c)	Average Annual Employment Rate (d)
2014	178,485,001,000	4,832,482	\$ 36,934	6.6%
2013	169,282,713,000	4,774,839	35,453	7.6%
2012	161,863,730,000	4,723,723	34,266	9.1%
2011	156,230,797,000	4,679,230	33,673	10.3%
2010	149,283,181,000	4,596,958	33,163	11.2%
2009	144,342,563,000	4,561,242	31,799	11.7%
2008	149,324,705,000	4,479,800	31,884	6.9%
2007	142,166,788,000	4,407,709	31,013	5.9%
2006	134,196,693,000	4,330,108	29,767	6.4%
2005	124,392,180,000	4,254,989	28,460	6.7%

(a) Source: U.S. Board of Economic Advisors

(a) Source: U.S. Census Bureau

(b) Source: U.S. Board of Economic Advisors

(c) Source: U.S. Department of Labor

TEN LARGEST EMPLOYERS

State of South Carolina
Latest Completed Calendar Year and Ten Years Prior
(Listed Alphabetically)

2014	2004
Bi-Lo, LLC.	Bi-Lo, Inc.
Blue Cross/Blue Shield of South Carolina	Greenville Hospital System
Greenville Hospital System	Michelin Tire Corporation
Michelin North America, Inc	Palmetto Health Alliance, Inc.
Palmetto Health Alliance, Inc.	School District of Greenville County
School District of Greenville County	U.S. Department of Defense
U. S. Department of Defense	U.S. Postal Service
U.S. Postal Service	University of South Carolina
University of South Carolina	Wal-Mart Associates, Inc.
Wal-Mart Associates, Inc.	Westinghouse Savannah River Company

Note: Due to confidentiality issues, the number of employees for each company is not available, and the employers are listed alphabetically rather than in order of size.
Source: South Carolina Department of Employment and Workforce



*Supplementary Information
to the Financial Statements
(unaudited)*

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
AUXILIARY REVENUE BONDS (SERIES 2005 , 2012 AND 2015)

For the year ended June 30, 2015

Description	Dining Services	Vending Operations	Bookstore	Parking Services	Housing	Total
Revenues:						
Student meal plans	\$ 18,427,160	\$ —	\$ —	\$ —	\$ —	\$ 18,427,160
Food service commissions	1,813,192	—	—	—	—	1,813,192
Other	—	223,525	—	—	44,094	267,619
Residence halls	—	—	—	—	31,540,648	31,540,648
Campus vending machines	—	300,000	—	—	—	300,000
ATM rental	—	42,027	—	820	—	42,847
Contract revenue	—	125,000	1,208,033	64,525	—	1,397,558
Parking permits	—	—	—	2,280,003	—	2,280,003
Transit fees	—	—	—	1,207,122	—	1,207,122
Parking citations	—	—	—	1,170,414	—	1,170,414
Investment income	78,175	8,792	1,582	14,170	103,665	206,384
Total revenues	<u>20,318,527</u>	<u>699,344</u>	<u>1,209,615</u>	<u>4,737,054</u>	<u>31,688,407</u>	<u>58,652,947</u>
Expenses:						
Salaries	330,864	—	7,428	863,016	6,169,674	7,370,982
Fringe benefits	113,152	—	2,705	289,499	1,764,850	2,170,206
Travel	5,242	—	—	18,978	90,566	114,786
Contractual services	12,472,415	—	—	1,500,010	706,926	14,679,351
Repairs	387,853	3,019	6,223	132,427	575,964	1,105,486
Telecommunications	(127)	1,566	—	8,659	200,625	210,723
Heat, light, and power	824,292	—	17,347	61,452	2,597,698	3,500,789
Water, sewer and garbage	146,639	—	—	61	654,315	801,015
Rents	147,485	77	—	41,188	16,284	205,034
Supplies and materials	159,236	22,790	—	68,582	907,305	1,157,913
Insurance	31,421	410	—	8,305	260,641	300,777
University debit card fees	435,174	101,847	—	350	59,085	596,456
Cable television	—	—	—	—	339,103	339,103
Other operating expenses	1,530,949	87,210	85,824	608,072	3,507,618	5,819,673
Capital outlay	249,781	—	—	—	44,737	294,518
Total expenses	<u>16,834,376</u>	<u>216,919</u>	<u>119,527</u>	<u>3,600,599</u>	<u>17,895,391</u>	<u>38,666,812</u>
Net revenues	<u>\$ 3,484,151</u>	<u>\$ 482,425</u>	<u>\$ 1,090,088</u>	<u>\$ 1,136,455</u>	<u>\$ 13,793,016</u>	<u>\$ 19,986,135</u>

CLEMSON UNIVERSITY
SCHEDULE OF PLEDGED NET REVENUES
ATHLETIC FACILITIES REVENUE BONDS (SERIES 2005 , 2012, 2014A, 2014B, 2014C AND 2015)

For the year ended June 30, 2015

Description	Football	Basketball	Other Sports	Non Program Specific	Total
Revenues:					
Ticket sales	\$ 19,740,920	\$ 1,529,450	\$ 619,402	\$ —	\$ 21,889,772
Away game sales and guarantees	300,000	—	1,760	—	301,760
Contributions	2,930,941	1,016,567	4,033,479	16,069,039	24,050,026
Direct institutional support	1,159,232	437,102	2,499,635	94,778	4,190,747
NCAA/Conference distributions including all tournament revenues	18,071,549	4,543,480	104,087	3,324,922	26,044,038
Broadcast, television, radio and internet rights	—	—	—	2,400,000	2,400,000
Program sales, concessions, novelty sales and parking	1,214,587	112,336	78,709	186,001	1,591,633
Royalties, advertisements and sponsorships	593,989	200,658	233,779	4,676,477	5,704,903
Endowment and investment income	9,296	—	—	301,914	311,210
Other revenue	652,304	—	5,882	88,975	747,161
Total revenues	<u>44,672,818</u>	<u>7,839,593</u>	<u>7,576,733</u>	<u>27,142,106</u>	<u>87,231,250</u>
Operating Expenditures:					
Athletic student aid	3,980,386	1,388,726	6,367,880	1,251,403	12,988,395
Guarantees	975,000	520,410	61,293	—	1,556,703
Coaching salaries, benefits and bonuses paid by the institution and related entities	8,273,452	3,415,010	4,297,555	—	15,986,017
Support staff/administrative salaries, benefits and bonuses paid by the institution and related entities	2,755,125	467,033	225,834	12,535,430	15,983,422
Recruiting	884,961	347,902	479,648	—	1,712,511
Team travel	2,234,218	1,178,125	2,273,050	88,549	5,773,942
Equipment, uniforms and supplies	1,002,689	260,084	835,859	416,219	2,514,851
Game expenses	2,255,091	671,010	434,101	—	3,360,202
Fund raising, marketing and promotion	—	—	—	3,345,775	3,345,775
Direct facilities, maintenance and rental	285,162	36,443	41,650	3,375,188	3,738,443
Indirect facilities and administrative support	—	—	—	1,310,357	1,310,357
Other operating expenses	2,906,366	460,686	830,794	4,583,821	8,781,667
Total operating expenditures	<u>25,552,450</u>	<u>8,745,429</u>	<u>15,847,664</u>	<u>26,906,742</u>	<u>77,052,285</u>
Net Revenues	<u>\$ 19,120,368</u>	<u>\$ (905,836)</u>	<u>\$ (8,270,931)</u>	<u>\$ 235,364</u>	<u>\$ 10,178,965</u>

CLEMSON UNIVERSITY REPORTING ENTITY COMBINED STATEMENT OF NET/FINANCIAL POSITION

For the year ended June 30, 2015

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY15 Total	FY14 Total
Assets:									
<i>Current Assets:</i>									
Cash and cash equivalents	\$ 176,784,366	\$ 5,816,961	\$ 57,357,419	\$ 1,340,683	\$ 21,300,126	\$ 262,599,555	\$ —	\$ 262,599,555	\$ 221,244,747
<i>Restricted Assets - Current:</i>									
Cash and cash equivalents	319,679,030	2,639,379	—	—	—	322,318,409	—	322,318,409	202,700,909
Accounts receivable	20,544,289	1,145,903	1,564,400	858,382	2,043,263	26,156,237	(3,514,445)	22,641,792	26,954,060
Grants and contracts receivable	18,438,189	—	—	—	—	18,438,189	(551,598)	17,886,591	18,175,998
Contributions receivable, net	682,455	—	30,911,101	—	20,730,609	52,324,165	—	52,324,165	40,199,318
Interest and income receivable	813,510	—	—	—	—	813,510	—	813,510	1,254,966
Student loans receivable	47,017	—	—	—	—	47,017	—	47,017	113,173
Inventories	2,356,045	—	—	—	—	2,356,045	—	2,356,045	2,222,734
Prepaid items	7,494,333	152,927	—	64,981	—	7,712,241	—	7,712,241	6,551,966
Other current assets	2,598,922	—	—	—	—	2,598,922	—	2,598,922	—
Total current assets	549,438,156	9,755,170	89,832,920	2,264,046	44,073,998	695,364,290	(4,066,043)	691,298,247	519,417,871
<i>Noncurrent Assets:</i>									
Notes receivable	180,001,069	—	180,001,069	—	—	360,002,138	(180,001,069)	180,001,069	175,541,046
Lease obligation receivable	—	—	—	13,041,531	—	13,041,531	(13,041,531)	—	—
Contributions receivable, net	1,670,927	—	—	—	—	1,670,927	—	1,670,927	5,761,349
Investments	2,591,301	—	465,769,007	36,337,593	18,768,273	523,466,174	(61,709,158)	461,757,016	432,799,633
Cash surrender value of life insurance	—	—	2,025,395	—	—	2,025,395	—	2,025,395	1,858,611
<i>Restricted Assets - Noncurrent</i>									
Cash and cash equivalents	18,380,429	—	—	—	—	18,380,429	—	18,380,429	40,809,683
Student loans receivable	8,323,293	—	—	—	—	8,323,293	—	8,323,293	8,454,146
Other assets	549,338	1,187,002	306,342	1,423,687	—	3,466,369	—	3,466,369	5,612,157
Real estate held for resale	—	—	11,900	11,632,192	—	11,644,092	—	11,644,092	11,766,861
Capital assets, not being depreciated	154,503,653	975,732	8,971,049	—	—	164,450,434	—	164,450,434	65,851,314
Capital assets, net of accumulated depreciation	708,837,455	1,644,083	455,044	5,854	—	710,942,436	—	710,942,436	738,139,145
Total noncurrent assets	1,074,857,465	3,806,817	657,539,806	62,440,857	18,768,273	1,817,413,218	(254,751,758)	1,562,661,460	1,486,593,945
Total assets	1,624,295,621	13,561,987	747,372,726	64,704,903	62,842,271	2,512,777,508	(258,817,801)	2,253,959,707	2,006,011,816
Deferred outflows of resources:									
Deferred losses on bond refunding	2,204,323	—	—	—	—	2,204,323	—	2,204,323	1,906,761
Deferred outflows on net pension liability	40,414,463	—	—	—	—	40,414,463	—	40,414,463	—
Total deferred outflows of resources	42,618,786	—	—	—	—	42,618,786	—	42,618,786	1,906,761
Total assets and deferred outflows of resources	\$ 1,666,914,407	\$ 13,561,987	\$ 747,372,726	\$ 64,704,903	\$ 62,842,271	\$ 2,555,396,294	\$ (258,817,801)	\$ 2,296,578,493	\$ 2,007,918,577

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY15 Total	FY14 Total
Liabilities:									
<i>Current Liabilities</i>									
Accounts and retainages payable	\$ 40,079,700	\$ 797,674	\$ 1,824,960	\$ 2,580,943	\$ 53,407	\$ 45,336,684	\$ (3,133,571)	\$ 42,203,113	\$ 22,828,135
Accrued payroll and related liabilities	18,209,125	—	—	—	—	18,209,125	—	18,209,125	17,193,699
Accrued compensated absences and related liabilities	17,429,631	—	—	—	—	17,429,631	—	17,429,631	17,027,982
Accrued interest payable	2,989,568	3,839	—	17,201	—	3,010,608	—	3,010,608	1,449,568
Unearned revenues	36,586,258	84,987	—	3,129,732	—	39,800,977	—	39,800,977	43,823,144
Bonds payable	17,308,032	—	—	—	—	17,308,032	—	17,308,032	14,721,484
Capital leases payable	993,179	—	—	—	—	993,179	(574,408)	418,771	395,523
Notes payable	—	114,287	—	—	—	114,287	—	114,287	109,500
Deposits	966,288	1,674	—	26,606	—	994,568	—	994,568	1,954,030
Funds held for others	850,211	—	—	—	—	850,211	—	850,211	575,832
Total current liabilities	135,411,992	1,002,461	1,824,960	5,754,482	53,407	144,047,302	(3,707,979)	140,339,323	120,078,897
<i>Noncurrent Liabilities:</i>									
Accrued compensated absences and related liabilities	9,871,369	—	—	—	—	9,871,369	—	9,871,369	9,314,018
Due to the University	—	—	180,001,069	—	—	180,001,069	(180,001,069)	—	—
Funds held for others	7,628,989	—	41,709,158	20,932,472	—	70,270,619	(62,641,630)	7,628,989	7,565,450
Net pension liability	452,937,239	—	—	—	—	452,937,239	—	452,937,239	—
Bonds payable	343,466,494	—	—	—	—	343,466,494	—	343,466,494	160,700,921
Capital leases payable	12,999,899	—	—	—	—	12,999,899	(12,467,123)	532,776	951,547
Notes payable	—	2,444,958	—	14,997,830	—	17,442,788	—	17,442,788	14,479,242
Annuities payable	—	—	5,232,324	—	—	5,232,324	—	5,232,324	5,527,849
Total noncurrent liabilities	826,903,990	2,444,958	226,942,551	35,930,302	—	1,092,221,801	(255,109,822)	837,111,979	198,539,027
Total liabilities	962,315,982	3,447,419	228,767,511	41,684,784	53,407	1,236,269,103	(258,817,801)	977,451,302	318,617,924
Deferred inflows of resources:									
Deferred inflows on net pension liability	38,346,672	—	—	—	—	38,346,672	—	38,346,672	—
Total deferred inflows of resources	38,346,672	—	—	—	—	38,346,672	—	38,346,672	—
Total liabilities and deferred inflows of resources	\$ 1,000,662,654	\$ 3,447,419	\$ 228,767,511	\$ 41,684,784	\$ 53,407	\$ 1,274,615,775	\$ (258,817,801)	\$ 1,015,797,974	\$ 318,617,924
Net Position									
Net investment in capital assets	\$ 680,330,774	\$ 1,247,572	\$ 9,426,093	\$ —	\$ —	\$ 691,004,439	\$ —	\$ 691,004,439	\$ 650,219,769
<i>Restricted for non expendable purposes:</i>									
Scholarships and fellowships	58,322,661	—	275,305,950	—	—	333,628,611	—	333,628,611	317,054,307
<i>Restricted for expendable purposes:</i>									
Scholarships and fellowships	24,612,899	—	216,312,641	—	—	240,925,540	—	240,925,540	404,661,273
Research	1,234,592	2,597,067	—	—	—	3,831,659	—	3,831,659	4,369,534
Instructional/departmental use	17,940,574	—	—	—	—	17,940,574	—	17,940,574	25,712,495
Loans	2,033,655	—	—	—	—	2,033,655	—	2,033,655	1,920,003
Capital projects	75,406,913	—	—	—	209,359	75,616,272	—	75,616,272	111,244,340
Debt service	5,605,283	—	—	—	—	5,605,283	—	5,605,283	6,697,491
Unrestricted	(199,235,598)	6,269,929	17,560,531	23,020,119	62,579,505	(89,805,514)	—	(89,805,514)	167,421,441
Total net position	\$ 666,251,753	\$ 10,114,568	\$ 518,605,215	\$ 23,020,119	\$ 62,788,864	\$ 1,280,780,519	\$ —	\$ 1,280,780,519	\$ 1,689,300,653

CLEMSON UNIVERSITY REPORTING ENTITY

COMBINED STATEMENT OF REVENUES, EXPENSES, ACTIVITIES AND CHANGES IN NET POSITION

For the year ended June 30, 2015

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY15 Total	FY14 Total
Revenues:									
<i>Operating Revenues:</i>									
Student tuition and fees (net of scholarship allowances of \$85,019,417)	\$ 316,893,164	\$ —	\$ —	\$ —	\$ —	\$ 316,893,164	\$ —	\$ 316,893,164	\$ 300,711,230
Federal grants and contracts	63,540,063	2,397,987	—	858,382	—	66,796,432	(1,818,608)	64,977,824	62,646,235
State grants and contracts	57,351,862	—	—	—	—	57,351,862	—	57,351,862	53,189,169
Local grants and contracts	882,273	—	—	—	—	882,273	—	882,273	1,640,203
Nongovernmental grants and contracts	11,222,618	107,052	—	—	—	11,329,670	—	11,329,670	11,952,084
Sales and services of educational and other activities	20,102,980	—	—	—	—	20,102,980	—	20,102,980	18,777,424
Sales and services of auxiliary enterprises - pledged for revenue bonds (net of scholarship allowances of \$13,425,943)	103,162,461	—	—	—	—	103,162,461	—	103,162,461	96,334,127
Sales and services of auxiliary enterprises - not pledged	25,956,919	—	—	—	—	25,956,919	—	25,956,919	25,593,222
Other operating revenues	<u>38,322,392</u>	<u>3,709,869</u>	<u>5,123,702</u>	<u>2,972,981</u>	<u>—</u>	<u>50,128,944</u>	<u>(2,649,419)</u>	<u>47,479,525</u>	<u>44,510,124</u>
Total operating revenues	<u>637,434,732</u>	<u>6,214,908</u>	<u>5,123,702</u>	<u>3,831,363</u>	<u>—</u>	<u>652,604,705</u>	<u>(4,468,027)</u>	<u>648,136,678</u>	<u>615,353,818</u>
Expenses:									
<i>Operating Expenses:</i>									
Compensation and employee benefits	478,991,413	—	—	—	—	478,991,413	1,257,825	480,249,238	446,124,705
Services and supplies	262,955,427	6,332,095	31,878,749	1,668,248	551,954	303,386,473	(24,957,019)	278,429,454	258,930,621
Utilities	19,783,262	113,391	—	—	—	19,896,653	—	19,896,653	20,523,005
Depreciation	49,316,424	380,139	—	—	—	49,696,563	—	49,696,563	43,389,971
Scholarships and fellowships	<u>25,410,620</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,410,620</u>	<u>—</u>	<u>25,410,620</u>	<u>23,845,894</u>
Total operating liabilities	<u>836,457,146</u>	<u>6,825,625</u>	<u>31,878,749</u>	<u>1,668,248</u>	<u>551,954</u>	<u>877,381,722</u>	<u>(23,699,194)</u>	<u>853,682,528</u>	<u>792,814,196</u>
Operating income/(loss)	<u>(199,022,414)</u>	<u>(610,717)</u>	<u>(26,755,047)</u>	<u>2,163,115</u>	<u>(551,954)</u>	<u>(224,777,017)</u>	<u>19,231,167</u>	<u>(205,545,850)</u>	<u>(177,460,378)</u>

Description	Clemson University	Clemson University Research Foundation	Clemson University Foundation	Clemson University Land Stewardship Foundation	IPTAY	Subtotal	Eliminations	FY15 Total	FY14 Total
Nonoperating Revenues (Expenses):									
State appropriations	106,344,796	—	—	—	—	106,344,796	—	106,344,796	99,591,087
Federal appropriations	11,337,741	—	—	—	—	11,337,741	—	11,337,741	10,566,435
Gifts and grants	33,585,909	—	32,885,983	185,000	59,242,509	125,899,401	(17,894,305)	108,005,096	87,202,796
Interest income	669,734	12,283	5,973,216	844,475	46,759	7,548,467	—	7,548,467	8,710,648
Endowment income	4,086,338	—	8,144,090	—	123,281	12,353,709	—	12,353,709	77,145,458
Interest on capital asset related debt	(7,341,336)	(119,634)	—	(456,999)	—	(7,917,969)	4,267	(7,913,702)	(6,077,516)
Other nonoperating revenues	339,819	524,362	—	—	—	864,181	—	864,181	647,917
Gain/loss on disposal of capital assets	(4,152,574)	—	—	—	—	(4,152,574)	—	(4,152,574)	1,576,447
Refunds to grantorss	(137,110)	—	—	—	—	(137,110)	—	(137,110)	(178,238)
Facilities and administrative remittances to the State	(375,223)	—	—	—	—	(375,223)	—	(375,223)	(413,207)
Net nonoperating revenues	144,358,094	417,011	47,003,289	572,476	59,414,549	251,765,419	(17,890,038)	233,875,381	278,771,827
Income before other revenues, expenses, gains or losses	(54,664,320)	(193,706)	20,248,242	2,735,591	58,862,595	26,988,402	1,341,129	28,329,531	101,311,449
State capital appropriations	4,456,874	—	—	—	—	4,456,874	—	4,456,874	9,397,423
Capital grants and gifts	6,448,318	—	—	—	—	6,448,318	(1,341,129)	5,107,189	4,643,350
Intra-entity contributions	—	—	(3,926,268)	—	3,926,269	1	—	1	—
Additions to permanent endowments	209,467	—	—	—	—	209,467	—	209,467	122,973
Increase in net position	(43,549,661)	(193,706)	16,321,974	2,735,591	62,788,864	38,103,062	—	38,103,062	115,475,195
Net Position:									
Net position, beginning of year, as originally stated	1,156,424,610	10,308,274	502,283,241	20,284,528	—	1,689,300,653	—	1,689,300,653	1,574,638,413
Restatement, Note 21	(446,623,196)	—	—	—	—	(446,623,196)	—	(446,623,196)	(812,955)
Net position, beginning of year as restated	709,801,414	10,308,274	502,283,241	20,284,528	—	1,242,677,457	—	1,242,677,457	1,573,825,458
Net position, end of year	\$ 666,251,753	\$ 10,114,568	\$ 518,605,215	\$ 23,020,119	\$ 62,788,864	\$ 1,280,780,519	\$ —	\$ 1,280,780,519	\$ 1,689,300,653

This Comprehensive Annual Financial Report is also available
on the Clemson University Comptroller Office website located at
<http://www.comptroller.clemson.edu>

Prepared by:
Controller's Office
Administrative Services Building
P.O. Box 345321
Clemson, SC 29634-5321
Tel: (864) 656-0586 FAX: (864) 656-5600

Steve Crump, Controller